

Annual Report  
2023 -24



**Utkarsh Small Finance Bank**  
*Aapki Ummeed Ka Khaata*

(A Scheduled Commercial Bank)



## Connecting the Dots

Building Inclusivity, Digital Footprint and Self- Reliance

**Connecting the**

**Dots**

**Building Inclusivity, Digital Footprint & Self Reliance**



**In today's rapidly evolving financial landscape, Connecting the Dots plays a pivotal role in enabling the financial aspiration of Individuals and Entrepreneurs alike. Utkarsh Small Finance Bank understands this and with technological advancements shaping the way we conduct our Everyday - Financial transactions and business; Connecting the Dots has never been more apparent as it is now.**

Building Financial Inclusivity is one of the core beliefs of our Bank. In our opinion, Financial inclusivity is not just an idea but a formidable force that signifies access to essential financial services for the unserved and underserved segments of our communities. This includes access to banking, loans, investments, and other financial tools that can help individuals and businesses thrive. On the other hand, by leveraging digital technology, we believe, we can reach a wider audience, reduce costs, enable transactions on the go, and provide more efficient services.

A strategic approach in seamlessly implementing inclusivity along with digital enablement leads to Self-reliance - a critical component of financial empowerment. This enables individuals to take control of their financial futures and make informed decisions about their finances.

The Bank's core vision towards inclusive finance has helped in providing financial assistance to the unserved and underserved communities in hinterlands across the length and breadth of the country spread across 888 branches in 26 States and Union Territories. These

are terrains which lack the hustle and bustle of a town or a city and are tucked far away in the interiors making it difficult to access physically. This is where Connecting the Dots becomes even more imperative.

Utkarsh Small Finance Bank believes that a holistic approach in providing individuals with the tools and knowledge to manage their finances effectively, can help in breaking the cycle of poverty and dependence, empowering individuals to achieve financial security and independence. Through greater access to banking, loans, and investments, individuals can build a strong financial foundation, save for the future, and invest in opportunities that will help them achieve their goals.

As we continue to advance in the digital age, enable economic resilience and move together, Utkarsh Small Finance Bank strives to create a future where financial inclusivity, self-reliance, digital access and prosperity are within reach for all by doing what it does best - Connecting the Dots!



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It gives me immense pleasure to present you our maiden annual report after our successful listing on the stock exchanges following our Initial Public Offering (IPO) in July 2023. We launched our IPO to raise equity capital of ₹ 500 crore and it was oversubscribed by over 100 times, which remains a momentous achievement for all of us.

To view this report online,  
please visit:

[www.utkarsh.bank](http://www.utkarsh.bank)

Or scan the below  
QR code





**Utkarsh Small Finance Bank**  
*Aapki Ummeed Ka Khaata*

# About Utkarsh Small Finance Bank

Utkarsh Small Finance Bank Limited (USFBL) commenced its journey in 2017 and over the years it has emerged as one of the leading small finance bank (SFBs) in India.

At Utkarsh, we have focused our efforts towards providing financial services to the unserved and underserved sections of society. We provide our services in 26 states and union territories through 888 banking outlets, while expanding digital footprint to increase

customer reach and create a positive impact in their lives.

Headquartered in the 'City of Light', Varanasi, our lending activities are primarily focused on rural and semi-urban locations of the country, while

other services are spread across the country. The Utkarsh Tower is Green certified, promoting a culture of responsible and sustainable business practices.



## Vision

To be the most trusted, digitized bank that is financially and socially inclusive, and creates value across social strata through insightful and viable solutions.



## Mission

Be the preferred financial institution across all customer segments through technology-enabled solutions that are sustainable, inclusive and scalable, supported by a work culture that centres on passion, values and corporate ethics to deliver best-in-class customer experience.





## Our Core Values - PRIDE

P

- Persistence is our innate quality

R

- Responsible and Ethical in our dealings

I

- Inclusive in our approach

D

- Diligent in our process

E

- Excellence in all that we do





# Product Portfolio



Asset  
products



Liability  
Products



Other Products  
& Services

## Micro-Banking



Joint Liability  
Group Loans



Business  
Loans



Current  
Account

## Services



Insurance  
Products



Locker  
Facilities



Mutual  
Funds



Utkarsh  
Vyapar

## Wholesale lending



Wholesale Lending  
(FI & SME Segment)

## Other Retail Loans



MSME  
Loans (Retail Assets)



Housing  
Loans



Commercial Vehicle and  
Construction Equipment Loans



Loan  
Against Properties



Savings Account



Term  
Deposits



Recurring  
Deposits



Certificate of  
Deposits

## Digital Banking Channels



AePs



V - KYC



Integrated  
Bill Payment System



ICCW



Distribution and  
facilitation of  
accounts under certain  
government schemes



Internet  
Banking



Mobile  
Banking



ATM-cum-  
debit cards



UPI Payment  
Solutions



## Stakeholders of Promoter Company and Insurance Partners

### Our marquee investors

Institutional Investors associated with Utkarsh Coreinvest Limited (UCL), our promoter company.

<b>1.60%</b> Aavishkaar Bharat Fund	<b>4.06%</b> Aavishkaar Goodwell India Microfinance Development Company II Limited	<b>13.90%</b> British International Investment Plc (erstwhile CDC Group Plc)	<b>9.83%</b> Faering Capital India Evolving FUND II & III	<b>3.15%</b> HDFC Life Insurance Company Limited
<b>1.49%</b> HDFC Ergo General Insurance Company Limited	<b>4.91%</b> Hero Enterprise Partner Ventures	<b>4.20%</b> ICICI Prudential Life Insurance Company Limited	<b>2.82%</b> International Finance Corporation	<b>1.90%</b> Lok Capital Growth Fund
<b>7.80%</b> NMI Frontier fund KS	<b>9.83%</b> RBL Bank Limited	<b>4.91%</b> responsAbility Participations Mauritius	<b>4.89%</b> Shriram Life Insurance Company Limited	<b>4.31%</b> Small Industries Development Bank of India
<b>2.23%</b> Triodos SICAV II – Triodos Microfinance Fund (formerly Sustainability – Finance – Real Economies SICAV – SIF)	<b>2.05%</b> Others			

## Insurance Partners

We collaborate with our corporate agents to provide a wide range of insurance options for our customers and safeguard them from financial, health and material risks.

### Insurance



Life Insurance

- HDFC LIFE Insurance Co. Ltd.
- ICICI Prudential Life Insurance Co. Ltd.
- Bharti AXA Life Insurance Co. Ltd.



General Insurance

- HDFC Ergo General Insurance Co. Ltd
- Kotak Mahindra General Insurance Co. Ltd
- Future Generali India Insurance Company Limited



Health Insurance

- Aditya Birla Health Insurance Co. Ltd.



# Core strengths

## Competitive advantages that help us stay ahead

Over the years, we have steadily developed our core strengths to offer a wide spectrum of financial services to our target customers, drive financial inclusion and enhance the overall physical and digital banking experiences of customers.

# Why Choose Utkarsh?



Expertise in the microfinance segment and strong presence in rural and semi-urban areas.



Offers a slew of digital services such as Internet and Mobile Banking, Digi On-Boarding, and an online account opening facility for clients



Strong financial growth supported by cost-efficient operations.



Vigilant risk management systems resulting in good asset quality.



Experienced and dedicated leadership with diverse expertise encouraging innovation and inclusivity.



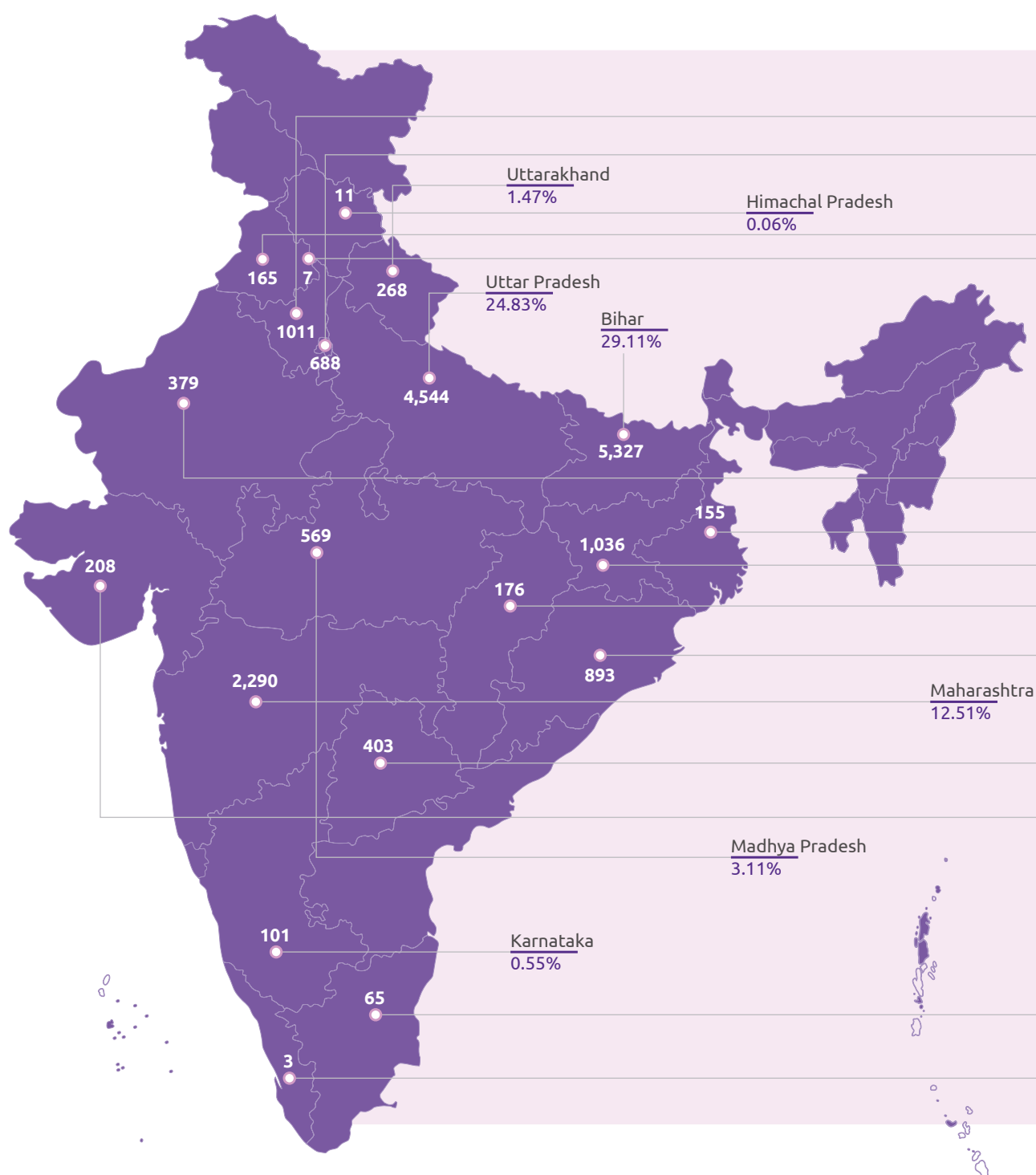
Rapidly growing deposits with a focus on retail deposits.

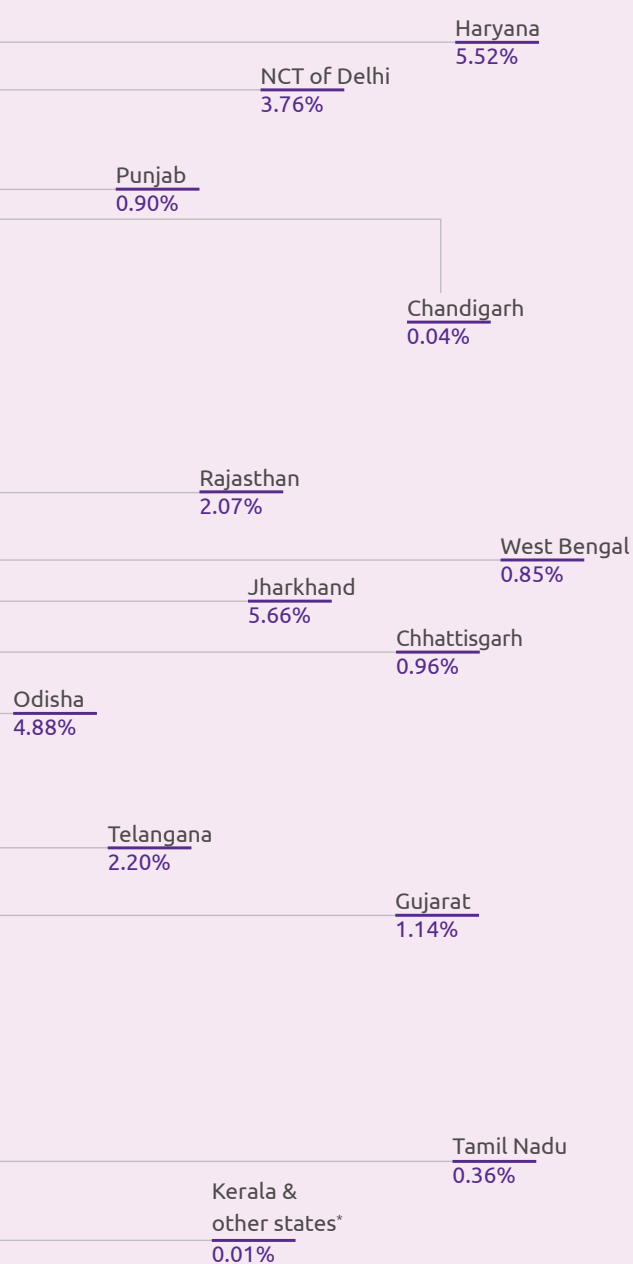


## Geographic Presence

# Taking financial inclusion to the last mile

We strive to continuously expand our footprint and penetrate rural and semi-urban areas to foster inclusivity.





888

Banking Outlets

612

Micro Banking Branches

276

General Banking Branches

241

URCs

320

ATMs

619

Micro ATMs

26

States and UTs

Total

○ 18,299

■ 100.00%

○ Loan Book as on 31st March, 2024 (₹ Crore)

■ % Distribution

\*We have operations in 26 states and UTs including Andhra Pradesh, Assam, Goa, Jammu & Kashmir, Meghalaya and Puducherry.



## Journey

# Milestones that pave our way forward

- Utkarsh CoreInvest Limited (UCL) commenced operations as an NBFC in September 2009.

## FY 2016

- UCL received the In-Principal Approval from the RBI to establish an SFB on October 7, 2015.

## FY 2017

- Utkarsh Small Finance Bank Ltd. was incorporated as a wholly-owned subsidiary of UCL on April 30, 2016.
- The Bank commenced SFB operations on January 23, 2017.

## FY 2023

- Launch of UPI Lite – BHIM app for Utkarsh Bank as an issuer
- Launch of E-Collection through NEFT- RTGS
- Registration with SEBI as Bankers to an Issue
- Launch of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Product
- Launch of Micro LAP Product
- WSL – NBFC has achieved the new milestone of crossing portfolio outstanding of ` 1,000 crore
- Personal Loan through Mobile Application Based Lending
- Micro Banking (JLG/MBBL PMSvanidhi) cross ` 9,000 crore portfolio
- Launched UPI QR code digital collection for JLG Clients - MB Branches has on boarded 10 lakh plus A/cs through Digi On-Boarding
- Launch of Gold Loans
- 287 ATMs
- 546 Micro ATMs
- 830 Banking Outlets

## FY 2022

- Bank's loan portfolio and deposits, crossed the milestone of **₹10,000 crore**.
- Raised an equity capital of **₹150 crore** in Q2, FY22.

## FY 2021

- Launched digital onboarding of accounts.
- Raised equity capital of **₹240 crore** in Mar-21.

## FY 2018

- Launched our wholesale lending business and personal loans
- Our deposit base crossed ₹2,000 crore
- Our Gross loan portfolio instead of gross advances crossed ₹3,000 crore
- Launched bancassurance business with partners
- Increase in savings accounts and active loan clients to over 200,000 and 2,000,000 respectively
- Launched bill payment services

## FY 2019

- Launched cashless disbursements for microfinance loans
- Conversion of microfinance branches to Banking Outlets
- Expanded operations to Assam, Chandigarh, Gujarat, Odisha, Rajasthan and Telangana
- Outstanding Loan portfolio crossed 6,600 crore
- Short-term rating upgraded to ICRA A1+ from ICRA A1 for Certificate of Deposit.

## FY 2020

- Capital + Reserves crossed **₹1,000 crore**.
- Profit of **₹187 crore** in FY20.

## FY 2024

- Highest ever annual profit of **₹498 crore**
- In Jul-23 Bank launched an IPO to raise equity capital of **₹500 crore**; the IPO was oversubscribed more than 100x.
- The Bank's gross loan portfolio stood at **>18,000 crore** and deposits at more than **₹17,000 crore**.
- Vendor Management System launched in 2024
- Launch of Capital Market Business as an approved Bank towards Collateral Deposits with Exchange Members
- Launch of e-Mandate / e-NACH Solution
- Registration of Bank with SEBI as Self-certified Syndicate Bank (SCSB) and Launch of Application Supported by Blocked Amount (ASBA) through Physical and UPI as Issuing Bank
- Launch of SmartPay White Label Collection Solution
- Launch of AD II Business towards Cross Border Outward Remittances under Liberalized Remittance Scheme (LRS)



## Chairman's message

# Transformation driving business growth



### Dear Shareholders,

It gives me immense pleasure to present you our maiden annual report after our successful listing on the stock exchanges following our Initial Public Offering (IPO) in July 2023. We launched our IPO to raise equity capital of ₹ 500 crore and it was oversubscribed by over 100 times, which remains a momentous achievement for all of us. I extend my heartfelt gratitude to all our investors for the trust they have placed in our vision and strategies. I am confident that we will continue to receive your support even in the years ahead.



We are now present across 26 States and Union Territories with 888 banking outlets, and are fast expanding our presence physically and digitally.

We have traversed a long and eventful journey of approximately 14 years from being a microfinance institution to a Small Finance Bank to a listed entity, with significant presence in rural and semi-urban locations and under-penetrated states of India. Focusing on financial inclusion, we offer a range of financial services that address the specific requirements of various customer segments.

We are now present across 26 states and Union Territories with 888 banking outlets, and are fast expanding our presence physically and digitally. We have a differentiated branch network to ensure relevant product offerings for customers and ensuring cost efficiency of operations.

### Operating landscape

If we look at the macroeconomic environment, global economic growth in FY23-24 has remained resilient with easing inflationary pressures and favourable employment conditions, despite geopolitical uncertainties and the risk of extreme weather conditions.



**We registered strong business growth and profitability, demonstrating the continuous strengthening of our franchise.**

Despite global headwinds, India continued to be one of the fastest growing major economies during the year. The country's economy is likely to emerge as the 3rd largest economy of the world by 2027-28 ; and I must mention that the banking sector as a whole, especially the small finance banks, will play a key role in this journey. This is because unless the last-mile

citizens joins the economic mainstream, sustainable GDP growth is not possible.

### Performance in FY23-24

Our performance during the fiscal has been robust. We registered strong business growth and profitability, demonstrating the continuous strengthening of our franchise. I am also pleased to share that we registered our highest-ever annual operating profit (pre-provisions) of ₹ 997 crores and a PAT of ₹ 498 crores for FY23-24.

The year also saw strategic investments in our infrastructure and human capital. We are growing our branch network to ensure more financial inclusion, especially in the rural and semi-urban areas. Our investments in the digital and business transformation initiatives to provide customers agile and hassle-free services have created a strong foundation for future growth. Our business model is sustainable, scalable and flexible to respond to the changes in the operating environment.

### Governance

At Utkarsh, we prioritise strong corporate governance. Our framework is built on a foundation of ethical practices, targeted policies, and a Board of Directors whose diverse expertise guides the Bank's long-term success. We hold ourselves to the highest standards of transparency and accountability, adhering to best practices and continuously benchmarking our performance. This commitment extends to shareholder value creation, achieved through open communication and responsible stewardship.

### Responsible banking

Beyond immediate business priorities, we are also taking concrete steps to reduce our environmental footprint. From energy-saving initiatives to promoting solar lighting and tree plantation drives, we are working towards a sustainable future for all. We also understand the critical importance of water conservation, and we are implementing adequate measures to conserve this precious resource.

We prioritise supporting educational advancement and empower individuals with financial literacy tools. Responsible lending practices are critical for us, and we focus on supporting key sectors that drive economic growth.

At Utkarsh, we are champions of women's empowerment. We provide income generation loans, specifically designed to foster financial independence and economic participation for women.

In conclusion, I would like to express my gratitude to our dedicated team, valued customers, investors, regulator and other stakeholders for their continued trust and support.

Warm regards,

**Parveen Kumar Gupta**  
Chairman



## MD and CEO's Message

# Targeting growth with a stronger foundation



### Dear Shareholders,

The dream, the passion, the commitment with which your Bank set out to enable inclusive finance now stands proud and tall as an entity that is Public. The Company was listed in FY 24 and it is an endorsement to the Vision and Mission of your Bank, which now has stakeholders with a wide public base.

As we embark on this next chapter, we recognise the dynamic global environment that surrounds us. While the global economy is expected to witness a synchronous rebound in 2025, uncertainties remain. Geopolitical tensions and potential rate cuts by central banks in the West will continue to influence markets.



Our deposit base grew by 27.44% to ₹17,473 crore, driven primarily by a 42.93% increase in retail term deposits. This growth strengthens our liabilities franchise and improved our CD ratio to 93.66%.

The Indian economy stands out as a bright spot amidst global challenges. Despite a slow global growth trend, India's GDP has grown by 8.2% in FY23-24, driven by strong domestic consumption and investment. Looking ahead, forecasts predict continued growth, with projections of 6.6% and 6.75% in the next two fiscal years, respectively. This momentum will be fuelled by a rising middle class fueling domestic spending, a digital push boosting tech sectors, and government initiatives such as 'Make in India' transforming the country into a manufacturing powerhouse, ultimately propelling India towards becoming the world's third largest economy surpassing Japan and Germany.

India's social fabric is undergoing a transformation, driven by a young, tech-savvy middle class with evolving financial needs and aspirations. This presents a unique opportunity for us at Utkarsh Bank. We are committed to staying ahead of the curve by offering financial products and services that cater to this changing landscape.

Through continuous financial literacy initiatives, we are aiming to equip people to make informed financial decisions and

navigate the digital financial landscape with confidence. This will be crucial as India's burgeoning young population fuels the demand for financial services, particularly those related to homeownership and career advancement, fueled further by rising disposable incomes.

Over the years, we have prepared a stable foundation for growth, which is resilient, scalable and sustainable. As a strong banking platform with diverse offerings for customers across the socio-economic spectrum, we have concluded the year (FY23-24) on a positive note, registering encouraging business growth and profitability.

The dedication and commitment of our people have enabled us to accomplish this milestone. However, this is just the beginning for us. Our journey ahead, as always, will be guided by the principles of financial inclusion, responsible banking and enhanced digitalisation across every aspect of the business. Besides, our diversified distribution network and extensive physical network of banking outlets have been pivotal in this growth.

## Looking back at an eventful year — FY23-24

Your Bank's profit after tax increased in FY23-24 by 23.02% to ₹498 crore. We undertook a comprehensive re-evaluation of our product offerings, processes and technology infrastructure. This proactive approach reflects our deep understanding of market dynamics and the need to position ourselves for sustained growth and long-term relevance. Our loan book has grown by around 31.11% during FY23-24, in line with our expectations; and it reflects a diversified mix, with healthy upswing in both micro-banking loans and secured loans in segments such as MSMEs (up 66.68%), Housing (up 30.30%), and Commercial Vehicle and Construction Equipment (up 68.54%).

We witnessed a positive trend in asset quality, demonstrating improved collection efficiency in micro-banking and strengthened efforts for secured loans. This is reflected in a decline in Gross NPAs from 3.23% to 2.51% on March 31, 2024, and a similar decline in Net NPAs. Additionally, our provision coverage ratio remained strong at 98.92%, indicating proactive management of potential risks.

Our deposit base grew by 27.44% to ₹17,473 crore, driven primarily by a 42.93% increase in retail term deposits. This growth strengthens our liabilities franchise and improved our CD ratio to 93.66%. Our Bank's CASA (Current Account and Savings Account) Deposits saw a significant uptick, rising by 25.09%, compared to that of the previous year. Our profitability remained healthy throughout the year. We also continued to maintain a comfortable capital structure, with a CRAR of 22.57% and Tier 1 Capital at 20.95%. This strong capital base allows us to support future growth initiatives.

Additionally, Return on Assets and Return on Equity remained robust, showcasing efficient resource utilisation. I am also pleased to share that the Board has announced a dividend of ₹0.50 per share for the year ended March 31, 2024.

We believe that the digital experience, which we have brought in the form of complete digital onboarding of customers for loans as well as savings account, eSign, E-KYC, digital collections through customer specific QR code, micro-ATM, video and other offerings will serve as a strong foundation for us to build a sustainable franchise with cost efficiency.

## Our growth strategies

We are committed to strengthening our position and driving sustainable growth through the following measures.

### Diversifying our asset portfolio:

We will continue to leverage a wide base of existing customers in the unserved and underserved segments; extend products offering from JLG loans to individual loans, affordable housing loans and other new products. We will also focus on offering working capital and term loans to MSMEs, small and medium sized corporates, institutional customers. Furthermore, we plan to cross-sell these products to new clients acquired through our existing network in urban and metro locations.

### Expanding Liability Franchise:

We aim to grow our retail deposits mix across various geographies and customer segments. This includes entering new markets, particularly the top 100 cities in terms of overall deposits to broaden our deposit base. We will also continue to strengthen our liability franchise by focusing on CASA deposits and the overall retail deposit base. Enhancing our digital offerings across various customer touchpoints will be crucial in achieving this objective.

### Enhancing fee income and cross-selling:

We will generate fee income through our own products and by cross-selling third-party offerings. We have strong partnerships in place and intend to develop new ones to expand this revenue stream. Additionally, we will provide convenient payment solutions through mobile and internet banking to further increase fee income.

### Leveraging technology for growth:

Technology will continue to be a cornerstone of our strategy. We will invest in innovative solutions to improve customer experience and utilize the vast amount of data we have gathered over the years. By creating customised analytical decision models, we can enhance underwriting and collection procedures, ultimately leading to a stronger and more efficient bank.

## Our Commitment to Environment

Our commitment to Environment is a key area of focus. We recognise the importance of responsible business practices and its effect on the well-being of our communities,

While we set out build our business legacy, we are cognizant of the impact our actions would have on environment in the long run and therefore it is imperative that our business services are significantly aligned to the Sustainability guidelines. In line with this, the Bank has published its first Sustainability Report, which is available on our bank website ([www.utkarsh.bank](http://www.utkarsh.bank)) for your convenience.

## Way forward

Looking ahead, a confluence of factors – rising credit demand, increasing disposable incomes and growing business activity in semi-urban areas and rural areas – presents an encouraging growth trajectory for us. With our expanding distribution network, we are poised to deliver exceptional financial services to a wider customer base, ensuring our continued success.

I take this opportunity to offer my thanks to our Board members for their continued support and guidance throughout the year. I extend my gratitude to our delte, shareholders and investors for their constant faith in us. I thank our promoter Utkarsh CoreInvest Limited delte who have been with us in our journey.

I extend my heartfelt gratitude to our regulators for their invaluable support and guidance throughout the year. I thank the Credit Rating agencies for their trust in our financial journey. In addition, I take this opportunity to all the agencies that have been instrumental in helping us navigate the financial landscape seamlessly with their guidance and support.

I take this opportunity to extend my heartfelt thanks to our customers, who have been with us all long and have enabled us to grow from strength to strength. Our journey has been made even more significant because of the faith reposed in us by customers and I am grateful to their unwavering support.

These achievements have been made possible due to the collaborative effort and unwavering commitment of our employees. I take this opportunity to thank each and every one of our employees and their families for their contribution to our Bank's success.

As we move ahead, we continue to Connect the Dots that seamlessly integrates, to provide a holistic banking experience!

Warm regards,

**Govind Singh**  
Managing Director & CEO

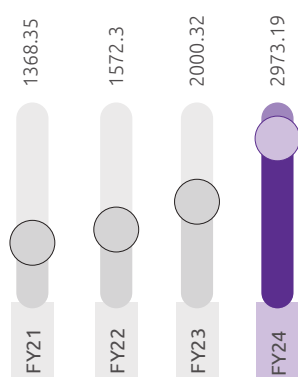


## Financial Outcomes

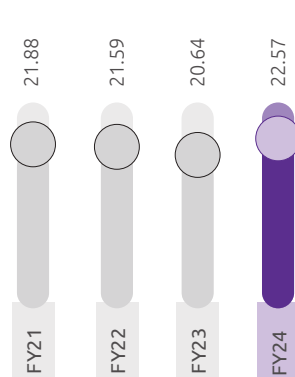
# Measuring our performance

### Balance Sheet Indicators

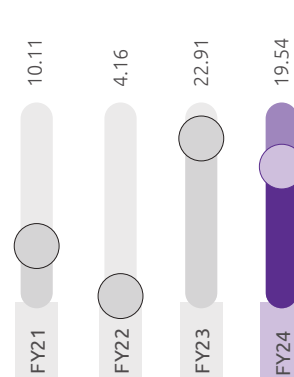
#### Net worth (Capital + Reserves) (₹ crores)



#### Capital Adequacy Ratio (in %)

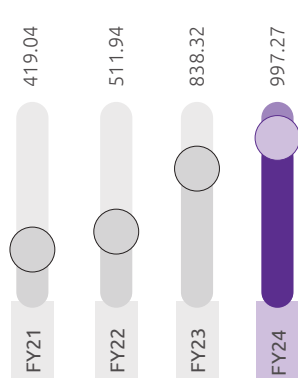


#### Return on Average Equity (in %)

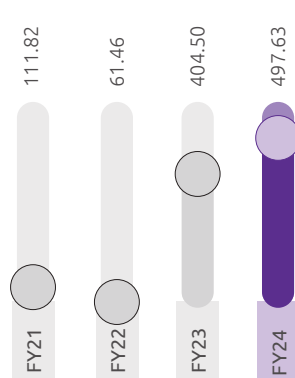


### Profit and Loss Indicators

#### Pre-Provisioning Operating Profit (₹ crores)

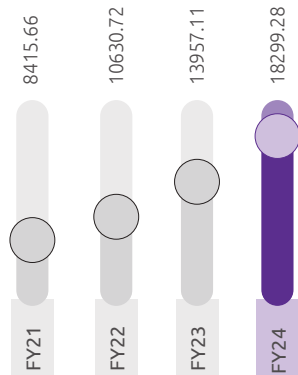


#### Profit After Tax (₹ crores)

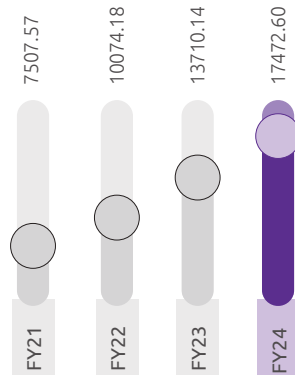


### Operational Indicators

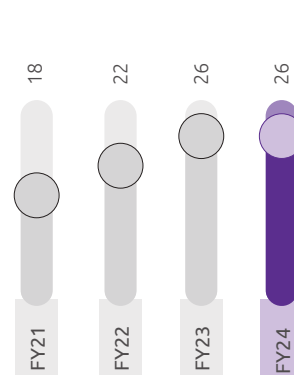
#### Gross Loan Portfolio (₹ crores)



#### Deposits (₹ crores)



#### Banking Outlets (number of States and UTs)



## Strategic Priorities

# Focused strategies for better business outcomes

Our experienced leadership plays a vital role in aligning our strategies with the aspirations of our customers for achieving better business outcomes. Our strategies focus on streamlining our processes and optimising our cost structure to ensure that we can win in the markets where we operate and amplify value for all stakeholders.

### Diversifying asset portfolio

We have diversified our offerings over the past few years, and we will continue to do so. We plan to leverage our wide customer base in underserved and unserved segments to include individual loans, affordable housing loans, and other products in our portfolio. Our efforts will be directed at extending working capital and term loans to MSMEs, small and medium corporates, and individuals while cross-selling to our existing clients in urban areas.

### Leveraging cross-selling opportunities

Our strategies will focus on generating fee income from our existing products and capitalizing on cross-selling opportunities. We are planning to engage with our existing partners and develop new synergies to increase the reach of our products. Our fee income will also rise with the increased adoption of digital solutions such as mobile payment and internet banking.

### Improving technology and digital offerings

We understand that developing a digital footprint will help us expand our reach and serve the unbanked and underbanked sections. We will continue to invest in technology to expand our customer base and to provide them with seamless services. Our technological improvements will also be used for creating customised decision models, applying data collected over the years.

### Increasing retail deposit mix

We aim to grow our bank deposit base by strategically opting for 100 cities with the highest overall deposits to expand to. We will focus on strengthening our liability product franchise by increasing current accounts, savings accounts and retail deposit base. Additionally, we will leverage our digital capabilities to enable various touch points in the consumer life cycle to build sustainable and stable funding sources.



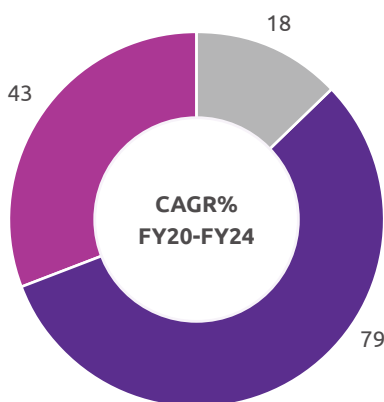
## Our Offerings

# Bolstering our asset product portfolio

Building up our loan portfolio has been a focus area, resulting in a growth of 31.1% in FY23-24. We leveraged our deep understanding of core geographies and micro-banking lending to enhance the rural and semi-urban franchises. MSME, Housing and CV & CE loans also contributed to the buildup of lending portfolio as their share increased.

Secured Loans share in Gross Loan Portfolio increased to

# 34%

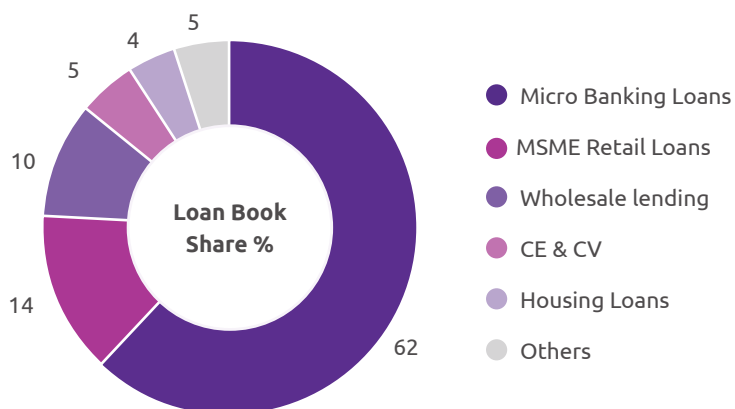
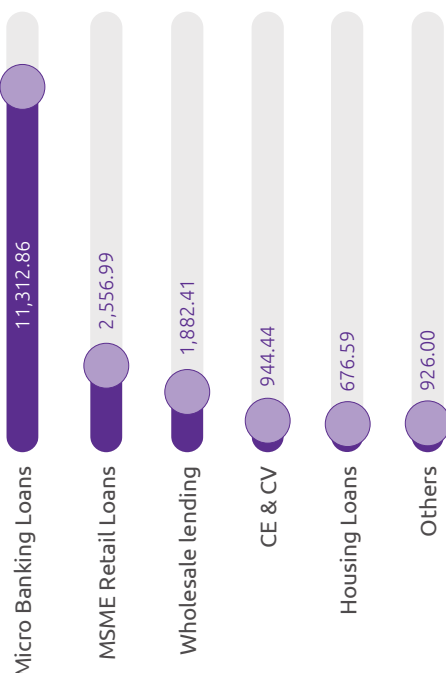


### Product

- Other Retail Loans
- Wholesale Lending (excluding BBG)
- Micro-Banking Loans

### Loan Book

● ₹ crores





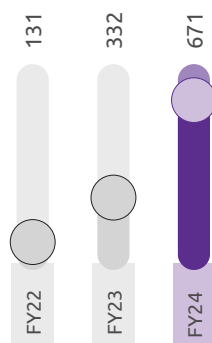
### Micro Banking Loans

We are planning to further strengthen our presence in rural and semi-urban areas. We have an extensive understanding of the lending and borrowing profile of our core areas in addition to the local issues that the people face.

We have seen steady growth in the micro-banking business loan book and it is expected to show the same trend in the future. This growth is supported by our good asset quality and collections. We are also committed to improve the growth rate through product innovation and cross-selling of our products.

### MBBL Product Portfolio Outstanding

Loan book value  
(₹ crores)



**>30 Lakhs**

large customer base franchise

**102% YoY growth**

MBBL Product Portfolio





## Wholesale Lending

Our Business Banking Group segment, launched in FY21, has grown significantly in the past three years amounting to one-third of the total portfolio. The majority of loans were extended to small to medium-sized corporates through Over Draft and Dropline Over Draft products. Our Wholesale Finance segment accounts for two-thirds of our wholesale lending book. We have successfully reduced our NPAs in both sub-segments to zero this year.

**~150**

Customers in the SME segment

**~₹ 4 Crore**

Average ticket size in the SME segment

**~70%**

of wholesale financial lending portfolio is credit rated "A" or higher by external credit rating agencies

**~₹ 15-20 Crore**

Average ticket size of outstanding wholesale financial loans



## Other Retail Loans

### MSME (Retail Assets) Lending

Our MSME lending has seen steady growth in the past financial year. We have a significant presence in our core geographies and we will leverage these strengths to build our portfolio further. We will be offering MSME products by leveraging the scope of expansion in our existing branches.

**~₹ 25 to 35 lakh**

Average ticket size of outstanding MSME (Retail Assets) Lending loans

**86 branches**

Catering to MSME retail asset lending

**>95%**

Secured lending

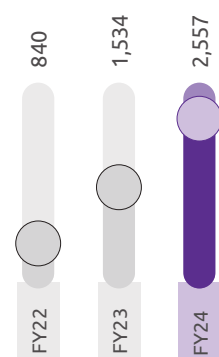
**67% YoY growth**

MSME Product Portfolio Outstanding

### MSME Product Portfolio Outstanding

(₹ crores)

#### Loan book value



### Housing Loans

We offer retail housing loans as well as affordable housing loans to our customers. Our housing loans segment has a strong presence in our geographies with a significant scope for expansion through our existing branches. Housing loans of up to ₹ 35 Lakh account for ~70% of our portfolio.

**>3,200**

Customer base

**56 locations**

Offering Housing loans

**~₹ 20 to 25 lakh**

Average ticket size of the loan book

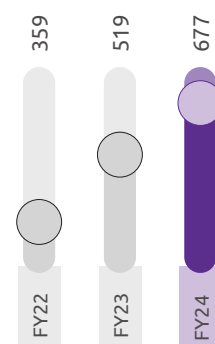
**30% YoY growth**

Housing Loan Product Portfolio Outstanding

### Housing Loan Product Portfolio Outstanding

(₹ crores)

#### Loan book value





### CE & CV loans

Our primary customers in the CE and CV loans segment have been small fleet operators in FY23. The majority of our product portfolio consists of new CV loans while the share of new CE loans and used CV and CE loans remains in the single digits. We currently focus on penetrating our core geographies.

**~₹ 30 to 35 lakh**

Average ticket size of the loan book

**44 locations**

Offering CV & CE loans

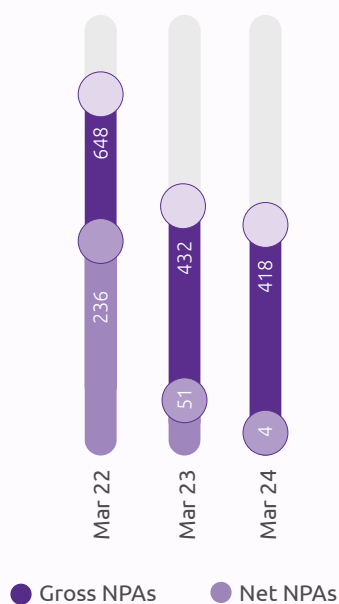
**69% YoY growth**

Customer base

**>2,800**

Customer base

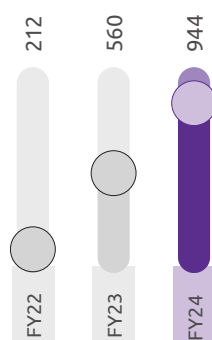
### Asset Quality Movement



### CE and CV Product Portfolio Outstanding

(₹ crores)

Loan book value



# Building our Liability Products

The growth in our deposits segment was driven by retail terms deposits in FY23-24 and we will continue to strengthen and broad-base the liability side of the balance sheet.

We successfully diversified our funding profile and concluded the financial year with no short-term borrowings and a comfortable liquidity surplus. With our consistent efforts, we expect our deposits to grow, despite the challenging environment.

There has been an increase in the share of deposits in the total funding mix in the past five years. Our partnerships to strengthen our digital and fin-tech presence have delivered good results and helped us acquire more deposits. We have launched video KYC for opening a savings account and term deposit account instantly to improve our digital footprint and our deposit profile simultaneously.

## ₹17,472.60

Total deposit size (in crore)

## 27%

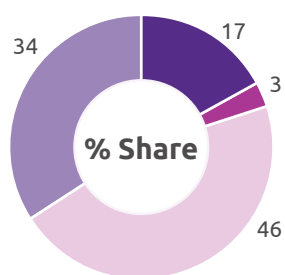
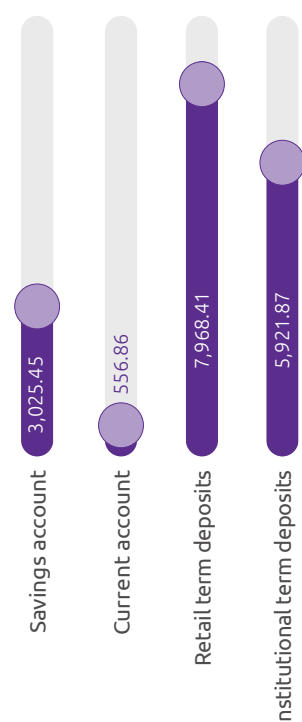
Total deposits growth

## 43%

Retail deposits growth

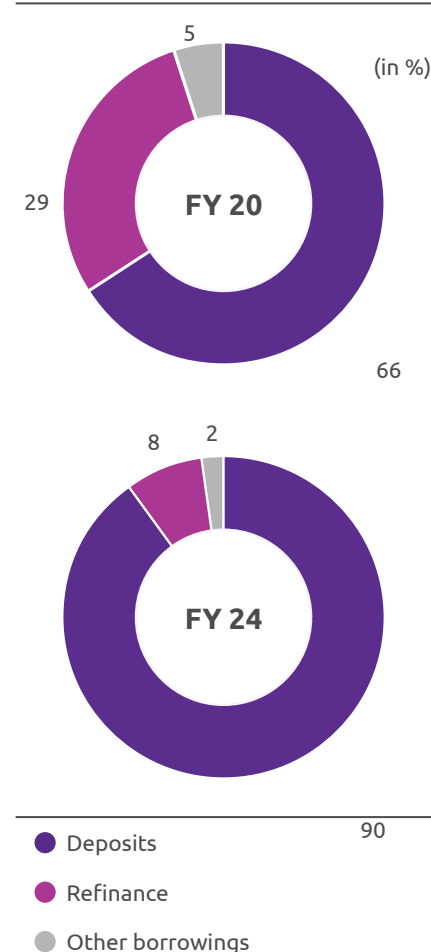
### Contribution to deposits

● ₹ crores



- Savings account
- Current account
- Retail term deposits
- Institutional term deposits

### Funding Mix

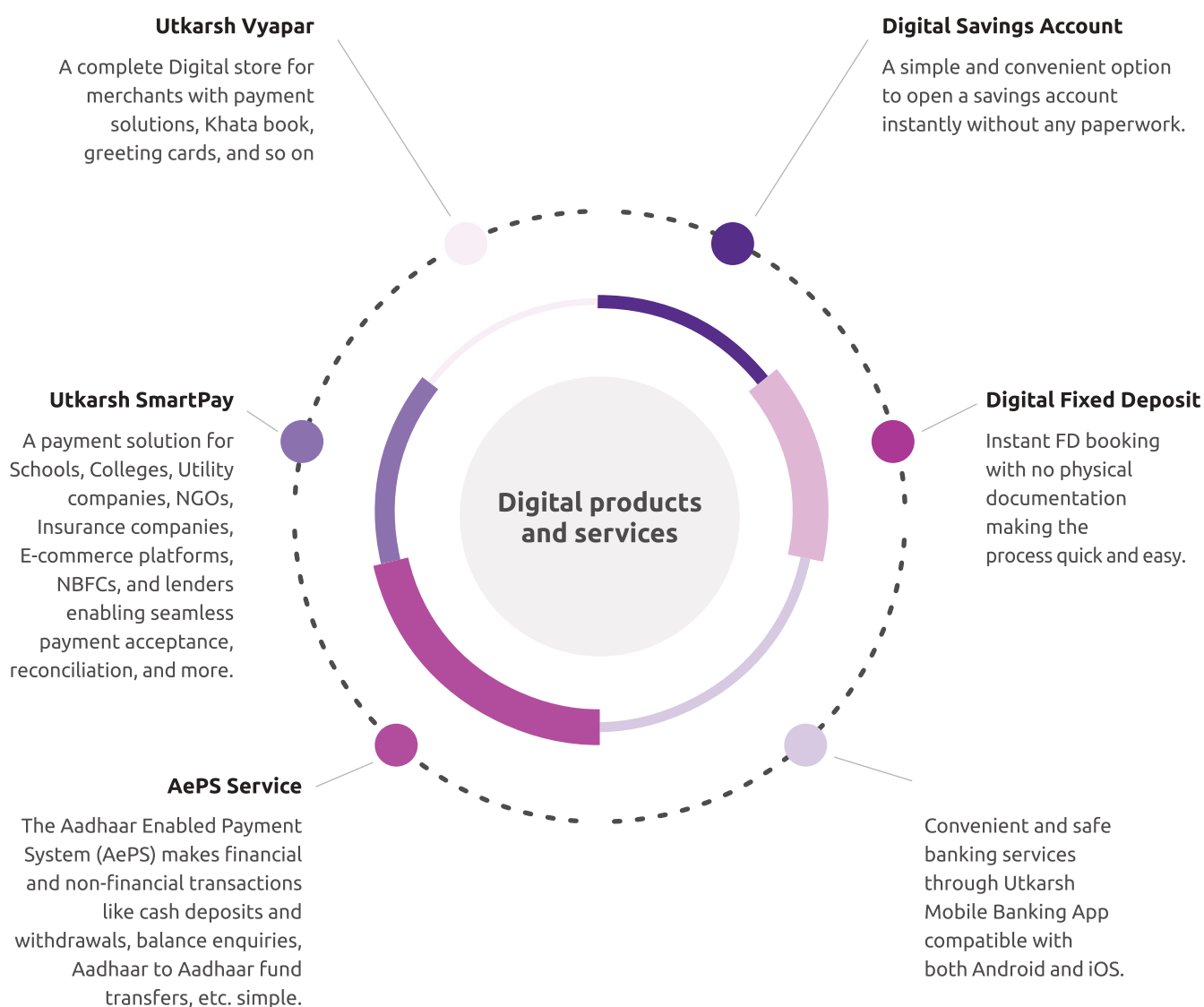




## Technology and Digital Footprint

# Enhancing customer experience through smarter banking

Our consistent efforts to develop our technology capabilities have enabled us expand our customer reach and brand recall. We aim to provide the best-in-class experience to our customers with our technology-enabled services. We have a holistic approach to adopting technologically advanced physical infrastructure, digital footprint, and transformative processes.



## Physical Infrastructure

We have developed a technology-enabled physical infrastructure through our continued investments over the past few years. Our digital systems help us manage our extensive network of 888 branches efficiently. We have installed Micro ATMs in remote locations for easier cash withdrawal and used tablets for efficient tracking of feet-on-street collections.

## Digital Initiatives

We are in the process of integrating internal processes with new-age technologies to optimize our operations.

### Digital initiatives

- Extensive data lake for regulatory reporting
- Internal process automation using robotics
- Only SFB to launch 'UPI Lite' in the Global Fintech Festival
- End-to-end digitized personal loan program
- Digital KYC process including video onboarding, e-sign, and digital contract
- Digi onboarding and U-Insta service for digital acquisitions of liability products

# ISO 27001 certified

IT Operations

## Future Business Growth

Our strategic investments in technology are enabling us to transform our business and position ourselves on a sustainable growth trajectory. Our technological development initiatives in the upcoming financial year will revolve around the six major focus areas identified after detailed strategic analysis and planning.

## Key Focus Areas

## Impact

Redesigning business processes with a focus on retail asset and liability products and services.



**Increase productivity**

Consistent investment in cloud technology-enabled platforms.



**Improve agility and scalability**

Automation and digitization of operational processes and customer services.



**Increased operational efficiency**

Integration of external and internal systems with API platform.



**Increased operational efficiency**

Adoption of Microservice Architecture for enterprise platforms.



**Improving customer satisfaction**

Development of new software application stack for new and existing business initiatives.



**Increased operational efficiency**



## Human Assets

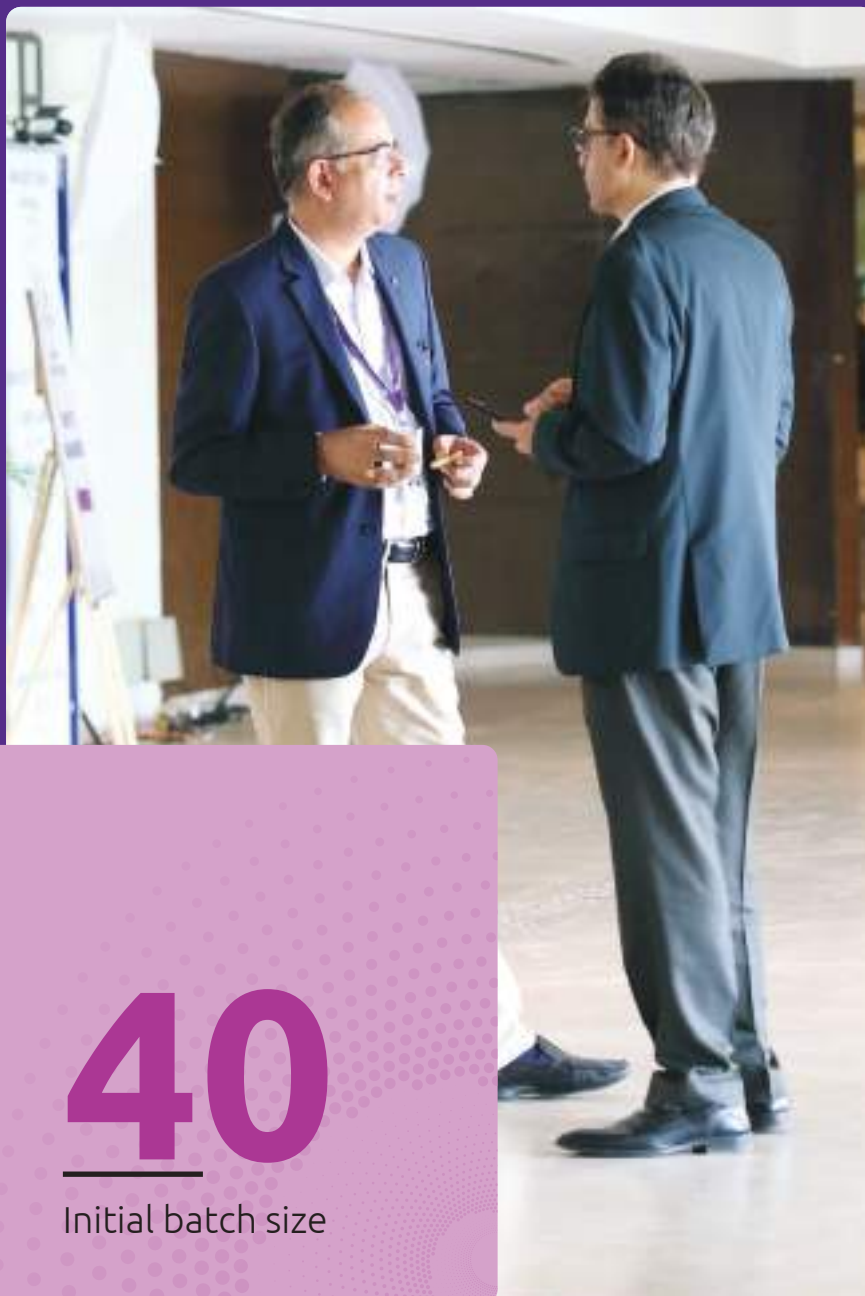
# Empowered People who make us grow from strength to strength

At USFBL, we value our workforce and strive to build an inclusive environment fostering a collaborative approach. We emphasize holistic employee engagement to help our employees relate to our purpose, connect with our leaders, and nurture a sense of belonging to ensure employee satisfaction in professional and personal domains.



### Talent Acquisition

We have a systematic talent acquisition process that helps us identify and recruit talented individuals with ease. Our 'Utkarsh Aarambh' induction program for newcomers facilitates smooth onboarding by familiarizing them with our vision, mission, values, and culture while creating a sense of purpose and belonging in the organisation.



### Collaborations for Nurturing Talent

We have launched an Innovative Probationary Officer program at Baddi University in collaboration with the Institute of Professional Banking, in February 2024. We plan to nurture and train talented individuals to maintain a steady pool of well-trained and job-ready people. The probationary officers will be onboarded as first-level supervisors after the successful completion of the program.

# 40

Initial batch size



## Talent Management

We have carefully drafted our talent management initiatives to ensure talent identification, a robust succession pipeline, and individual development.

### Initiatives taken during the year

#### Self-Profiler

350+ employees at the Chief Manager level and above took a self-profile analysis to identify individual skill gaps.

#### 360-degree Feedback

360-degree feedback session held for Top Management.

#### CEO Mentoring Club

Selected individuals are trained through specific projects under the MD & CEO's guidance.

#### Individual Development Plan

A structured Individual Development Program is in the development stage.

Witnessed 50 qualifiers for our newly launched JUMPP, the fast career progression initiative for sales officers.





### Learning and Development

We offer training and development programs for all our employees to promote inclusive learning. Our programs on Product and Processes, Compliance & Regulatory aspects, Skills Development, Career progression and Leadership development help us develop a culture of continuous learning throughout an employee's tenure.

We have enrolled under the National Apprenticeship Promotion Scheme (NAPS) and National Apprenticeship Training Scheme (NATS). In FY23-24, we onboarded 36 apprentices and offered them On Job Training (OJT) as Sales Executives, Micro Banking Executive, Office Operations Executive, and HR Executive with an opportunity to join as full-time employees by fulfilling the eligibility criteria.





## Employee Engagement and Wellbeing

We understand the impact of employee engagement on their performance. We have established engagement channels open to all employees to share their feedback and suggestions. We foster engagement between the top management and our employees through 'Utkarsh Sampark', the online townhalls led by our Managing Director. In the past 7 years, we have successfully captured our employees' feedback and shared strategic messages through our engagement channels. We recognize and award exceptional performing employees through performance-based compensations.

# 9693

Employees participated in the engagement survey

## EMPLOYEE RECOGNITION

We believe in recognising the efforts of our employees fairly by adequately compensating them based on their performance, both short and long term. Employee benefits like interest-free advance against salary, housing loan, bike loan, mobile loan, personal loan and adequate insurance cover enables employees to focus on work without having to worry about any hassles. This year, the Bank has introduced NPS all employees. We also recognise our best performers and celebrate organisation citizenship behaviour through various awards for innovation, risk mitigation, vigilance and customer service, among others.



## Employee Engagement Initiatives

- Utkarsh Smapark** — The online townhall
- Utthaan** — Employee Engagement Survey



- Loans** — Interest-free advance against salary, housing loan, bike loan, mobile loan, personal loan
- Insurance** — Insurance covers

# Awards



Innovation award



Risk mitigation award



Vigilance award



Customer service award



Long service award





## Ensuring Inclusive Growth of Employees

At Utkarsh, employee-centricity is embedded in our very DNA. In order to ensure inclusive growth of employees and ensure transparency and equity, we have sound human resources policies in place. Additionally, we have proactively adopted human resources (HR) strategies to effectively align business goals with our employee goals.

Human Resources is the soul of the Bank which implements its strategies of bringing in a team of passionate and committed workforce through a range of activities including recruitment, to deployment and training to talent retention and engagement to seamlessly support to achieve our vision and mission. We endeavour to provide an environment of learning, skill development, team work coupled with motivation and mentoring.

Our HR structure comprises recruitment, HR Operations, Training

vertical and Employee Engagement supported by a Zonal HR structure providing the last-mile connect. We have adopted a technology enabled and automation-focussed approach towards delivering HR services to our employees. We also provide real-time access to key HR services through our mobile enabled online Human Resource Management System.

At Utkarsh, we provide a collaborative work culture and strongly believe in the creation of a people-oriented, reliable, scalable, organisational structure. We provide a conducive and inductive work environment with good working conditions, contributing to sustainable economic growth. On the back of this culture, our employee base has grown to more than 16,000 people, comprising people from diverse backgrounds and experiences. Our focus towards diversity among the workforce remains steadfast to balance the representation across genders and background. As on 31st March 2024, the employee strength of the Bank grew to 16081 employees.

## CULTURE OF INCLUSIVE GROWTH

At Utkarsh, nurturing a culture of conducive growth for our employees remains at the forefront of our focus. We believe in hiring the right set of people at the right positions, to ensure optimal hiring efficiency. We provide qualified and skilled banking jobs to experienced bankers and graduates recruited straight after completing their training. During the year under review, more than 11524 unique employees were trained under various programs via 761 training sessions. The focus in FY 23-24 was on imparting selling skills improvement of the front end branch banking teams, and creating champion sales team for the supervisors in Micro Banking, Liabilities, Assets departments. Efforts were made to have a systemic connect with less than six-month vintage front end staff with VILT sessions. The cross functional training of Liabilities and Assets Customer Service Officers was undertaken as a major project. The Virtual Training Mode came in handy for improving First-Time-Right experience in Account Opening and Loan Application Logins. Dedicated Product & Process VILT sessions were conducted for Low Performers in Assets on a continuous basis. There were a series of interventions done through Sales Excellence Leadership Workshop tailored to the training needs of Zonal Business Leaders. The enthusiastic participation, positive feedback & tangible improvements have reaffirmed the value of investing in such developmental initiatives.

Over the years, we have created a diverse workforce with individual goals aligned to that of the organisation. We provide our employees individual progression and a strong career growth. In ensuring this, we have been providing training programmes to our employees comprising of induction training, functional training, coaching and mentoring which enhances the



technical, functional and soft skills of the employees. At Utkarsh, we have a diversified team of well-qualified trainers comprising of retired bankers, senior management employees and training experts, who conduct various in-house trainings organised by us. Our focus on digitisation is reflected through the trainings we conduct through online learning platforms. We have been on a constant strive to expand, nurture and retain our talent base that complements our growth strategy. We believe in developing our own internal talent pool and creating a robust career plan for each of our employees, helping them grow and guiding them in every step of the way. We not only focus on training our employees on products and processes, but also make sure to align them with the passion and values that we operate with. We offer individual progression and growth for competent employees through initiatives such as talent management, competency mapping, training and development, succession planning, internal job posting and a performance management system. We are committed to provide our employees with a healthy work life balance, ensuring they stay motivated to work on one hand, and are leading

a healthy life on the other. In order to keep our employees motivated, we also undertake specific initiatives such as fitness programmes in office, support on emotional and mental well-being, annual functions, sports day and festival celebrations.

Our performance management system is completely digitalised, with all related activities including goal settings and appraisals. We have a mechanism in place to mitigate risks emanating from adverse employee behaviour and acts of omission or commission. The human resource policies are reviewed on a periodic basis with changes in the regulatory requirements issued by the regulator/ and as per the business requirements.

We continue to engage with third parties for providing recruiting services, human resource management, consultancy and outsourcing, employability assessment modules, employment related information, executive search and other allied services. In addition, we have also entered into agreements with various third parties for providing training and development for our employees, and deployment of a learning management system.

## PREVENTION OF SEXUAL HARASSMENT

We have remained committed to creating a safe environment where all employees are treated with respect and dignity. We have a zero-tolerance policy on the issue of sexual harassment at the workplace, and follow all the guidelines prescribed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Prevention of Sexual Harassment Policy ('POSH Policy') is implemented for all employees and stakeholders/partners, and any complaint of sexual harassment made against any individual working on the Bank's premises, including third-party vendors, is investigated in line with this POSH Policy. Our Internal Complaints Committee (ICC) has laid down the processes and guidelines pertaining to sexual harassment related complaints. The ICC deals with all complaints relating to sexual harassment. We do not tolerate any form of sexual harassment and all individuals of the Bank are responsible to ensure a workplace free of harassment. POSH Policy is applicable to all employees (permanent/ fixed term/ on contract) of the Bank across the Board and is equally applicable to all genders, grades and stakeholders of the groups. The POSH Policy is periodically communicated to all employees and is available on our website for information and compliance thereof. The Bank has formulated Prevention of Sexual Harassment Policy, which is available at Bank's website at: <> During FY 2023-24, a total of 10 cases were reported under POSH. Out of 10 cases, 09 cases have been resolved and 1 case is under investigation.





## Corporate Social Responsibility

# Impacting Communities, Inspiring Change

Our CSR activities are guided by our core principles embedded in the Utkarsh Welfare Foundation (UWF). We take initiatives to help the unprivileged communities prosper by making efforts together and aiming for improvements in all essential domains of life. Our impactful stories convey our commitment to bringing about positive change in society.

### SDG



### Initiative

Offline and online financial literacy trainings



Infrastructural support to healthcare institutions

Spreading awareness about preventive healthcare services to focus on primary healthcare needs

Managing e-clinics, polyclinics camps, and special health camps to improve healthcare access



Offline and online financial literacy trainings

Bridging the digital infrastructure gap through e-learning promotion and digital inclusion



Offline and online financial literacy trainings

Vocational training for skill development and employment generation.



Bridging the digital infrastructure gap through e-learning promotion and digital inclusion

Vocational training for skill development and employment generation.



Trainers and resources to support technological infrastructure

Promotion of sustainable agri-business and environment conservation activities



Vocational training for skill development and employment generation.



Promotion of sustainable agri-business and environment conservation activities



Promotion of sustainable agri-business and environment conservation activities

### Collaboration for Empowering Communities

We collaborated with GetSetUp to promote the overall well-being and empowerment of the aging adult population. The program includes a series of customized classes for skill development of people over 55 years of age. It promotes dancing for active physical involvement, mental well-being, and interactions. USFBL customers will be able to avail this experience and gain the required skills, knowledge and community support for their inclusive growth.

### Working towards a financially secured future



I attended the 3-day training program by Utkarsh Welfare Foundation to pursue empowerment and financial literacy. They helped me embark on a transformative financial journey with my husband.

I understood the importance of financial planning, cash flow management, saving, debt management, investment, digital financial literacy, and social protection schemes. Thanks to the training I received, I have now opened a savings bank account, availed loan services and enrolled in the Atal Pension Yojana to have a financially secure future.

**Vishokha Devi**  
(Katihar, Bihar)



I am proud to share my success and wish to encourage other women in the village to enrol their daughters in the Sukanya Samridhi Yojana (SSY). Financial literacy can break socio-economic barriers. We are now empowered to dream big and achieve our goals in life.

**Kalpna Tiwari**  
(Satna, Madhya Pradesh)



## Healthcare Initiatives



I availed the facility of digital medical consultation for minor ailments and avoided painful and unpleasant travelling 4 km to the nearest Primary Health Centre (PHC). I am grateful to UWF for opening an E-clinic centre in Mahmadpur village, reducing my financial burden and physical distress related to treatment.

**Anupa Devi**

(Madmadpur, Uttar Pradesh)



In the words of Mangta, "I am truly grateful to UWF telemedicine (E-clinic) clinic which has changed not just mine but many lives in my village. I could get my breathing problems and back pain diagnosed by the doctor after suffering for a long time. I am not only able to work comfortably on again but also regained my overall quality of life after taking the three-month medication and diligently following the exercise routine".

**Mangta**

(Haridwar, Uttarakhand)



I suffered from severe back pain due to long and strenuous working in fields and as a daily wage labour. I failed to get any medical assistance due to my poor financial condition. I was fortunate to receive free treatment and medication at one of the health camps organised by UWF in my village. I have now fully recovered from the excellent service provided right at my doorstep.

**Radhika Devi**

(Varanasi, Uttar Pradesh)

## Entrepreneurship Development



I was struggling to manage and expand my general store shop due to unavailability of funds. I attended the 3 day Mahila Udyami Sashaktikaran Program by UWF and was selected for capacity building and entrepreneurial guidance after screening from cadets. After my intensive training in business skills and digital financial literacy I got her shop registered under Udyam Aadhaar and even started filing my income tax returns on time. I now manage my two shops with my husband and I am looking forward to opportunities for expansion.

**Rekha Devi**

(Varanasi, Uttar Pradesh)



I was able to materialise my dream of becoming a beautician and becoming an entrepreneur by attending a local beautician training program organised by UWF. I successfully launched "Pari & Misti Beauty Parlor", and made a difference in my society, while working from a small space within my home. Laltesh's "Pari & Misti Beauty Parlor" became a symbol of empowerment in her community.

**Laltesh**

(Varanasi, Uttar Pradesh)



I am thankful to the Utkarsh Welfare Foundation for their invaluable support hands-on training, theoretical knowledge, and practical guidance throughout my journey of starting Oyster Mushroom Cultivation. I have made significant profit in my business and I am a living testament to the impact that strategic support and training can have on an individual's journey toward entrepreneurship and success.

**Renu Devi**

(Varanasi, Uttar Pradesh)



## Awards and Accolades



**YEAR 2024**

**Credit Modelling & Risk  
Team of The Year' Award  
at The India Credit Risk  
Summit & Awards 2024**



**YEAR 2023**

**Most Preferred  
Workplace 2023-24  
(BFSI Edition) by  
Marksmen Daily**



**YEAR 2023**

**Best Customer Experience  
at 18th Annual Summit and  
Awards by Asscham**



**YEAR 2023**

**4Best Customer Experience  
Strategy by India  
Customer Excellence (CX)  
Summit & Awards 2023**



**YEAR 2023**

**Employee Excellence  
2023 by the Times  
Group ET Edge**



**YEAR 2023**

**Shri. Alok Pathak was recognized as the Chief Risk Officer of the Year at BFSI Convex by Gain Skills Medic Company**



**YEAR 2023**

**Most Trusted BFSI brands by Teammarksmen Daily**



**YEAR 2023**

**APY Excellence Award**



**YEAR 2023**

**Best Emerging Business Partner by Volvo Eicher Commercial Vehicles (VECV) for Bihar**



**YEAR 2023**

**Ranked No.2 Under the Small Finance Bank category by BT-KPMG survey – February 05, 2023**



## Board of Directors

# Guided by diverse and experienced leadership



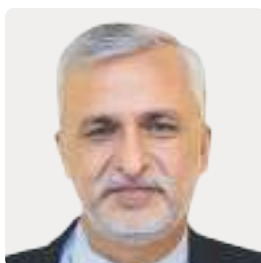
### **Mr. Parveen Kumar Gupta**

Independent Director and Part Time Non-Executive Chairman

Mr. Parveen Kumar Gupta is an Independent Director and Part-Time Non-Executive Chairman of our Bank. He retired as Managing Director, retail, and digital banking, from State Bank of India (SBI). He has rich experience in the banking sector of more than 37 years, and has held various positions in the SBI Group, including Managing Director (compliance and risk, SBI), Whole-time director, Managing Director and Chief Executive Officer (SBI Capital Markets Ltd), Deputy Managing Director and Chief Financial Officer (global markets, SBI), Deputy Chief Executive Officer (SBI-Macquarie Infra. Mgmt. (P) Ltd.), and Chief General Manager (global markets, SBI).

He holds a bachelor's degree in commerce from Guru Nanak Dev University and is an associate member of the Institute of Company Secretaries of India. He is also a certified associate of the Indian Institute of Bankers.

Further, he is currently a Director on the Board of Hiranandani Financial Services Private Limited, BOI Star Investment Managers Private Limited, Midland Microfin Limited, Growth Source Financial Technologies Private Limited, Light Microfinance Private Limited. He was a member of the expert committee on Micro, Small & Medium Enterprises, headed by Mr. U.K. Sinha, former Chairman of the SEBI, constituted by RBI.



### **Mr. Ajay Kumar Kapur** Independent Director

Mr. Ajay Kumar Kapur is an Independent Director of our Bank. He holds a bachelor's degree in Engineering (industrial engineering) from University of Roorkee (now known as Indian Institute of Technology, Roorkee). He was previously associated with Punjab Tractors Limited, Industrial Development Bank of India, India SME Technology Services Limited and SIDBI.



### **Mr. Kajal Ghose** Independent Director

Mr. Kajal Ghose is an Independent Director at our Bank. He holds a bachelor's degree in commerce from Ranchi University and a diploma in human resource development from All India Institute of Management Studies, Chennai. He is a certified associate of the Indian Institute of Bankers. He previously worked as the Chief General Manager at SBI, and at Stratosphere IT Services Private Limited and Kovid Group Analytics India Private Limited. He is a member of the board of advisors of Datawise Management Services India Private Limited, and a Senior Advisor to PayU India. He currently is a member of the investment committee of New Leaf Investment Advisors LLP.



### **Mr. Nagesh Dinkar Pinge** Independent Director

Mr. Nagesh Dinkar Pinge is an Independent Director at our Bank. He holds a bachelor's degree in law from the University of Mumbai and is a qualified chartered accountant registered with the ICAI. He was previously associated with Tata Motors Limited, JSW Energy Limited, Reliance Retail Limited, ICICI Bank Limited and NKGSB Co-op Bank Limited.



**Ms. Kalpana Prakash Pandey**  
Independent Director

Ms. Kalpana Prakash Pandey is an Independent Director at our Bank. She holds a bachelor's degree in science (Chemistry, Physics and Mathematics) and master's degree in science (Physics) from Garhwal University, in addition to a master's degree in technology (computer science and technology) from the University of Roorkee (now known as Indian Institute of Technology, Roorkee). She also holds a post-graduate diploma in electronics and communication engineering from the University of Roorkee (now known as Indian Institute of Technology, Roorkee). She has previously served as the Managing Director and Chief Executive Officer of CRIF High Mark Credit Information Services Private Limited, an RBI-licensed credit bureau. She has also been associated with IDBI Principal Asset Management Company, SBI and HDFC Bank Limited.



**Mr. Muralidharan Rajamani**  
Non-Executive Non-Independent Director

Mr. Muralidharan Rajamani is a Non-Executive Director at our Bank. He holds a bachelor's degree in science (mathematics) from the University of Madras and a master's degree in arts (branch III -economics) from the University of Madras. He has completed the management of managers programme from Stephen M. Ross School of Business, University of Michigan, and is a certified associate of the Indian Institute of Bankers. He was previously associated with Edelweiss Tokio Life Insurance Company Limited, Leadership Centre Private Limited, ICICI Bank Limited, Dhanlaxmi Bank Limited and L&T Finance Limited.



**Mr. Chandra Shekhar Thanvi**  
Nominee Director - SIDBI

Mr. Chandra Shekhar Thanvi is a Non-Executive Director (nominee of SIDBI) at our Bank. He has a bachelor of technology degree in mining engineering from Banaras Hindu University, Varanasi, and a master's degree in business administration from the University of Rajasthan. At present he is serving as the Chief General Manager heading administration and premises vertical and the MSME promotional initiatives vertical in SIDBI. Prior to joining SIDBI he worked in Hindustan Zinc Limited between 1985 and 1994. He has been working with SIDBI since 1994 and has held various positions, including Chief Executive Officer of India SME Technology Services Ltd., Chief Executive Officer of National Credit Guarantee Company Ltd.



**Mr. Govind Singh**  
Managing Director & CEO

Mr. Govind Singh is the Managing Director and Chief Executive Officer at our Bank. He holds a bachelor's degree in commerce from Delhi University, and is a certified associate of the Indian Institute of Bankers. He was the Assistant General Manager at ICICI Bank Limited previously. He was the Managing Director and Chief Executive Officer of our Promoter Group. He has also been associated with Surya Fincap Limited, UTI Bank Limited, Allahabad Bank, State Bank of Patiala, and Bank International Indonesia.



## Key Management Personnel



**Mr. Govind Singh**  
Managing Director & CEO

Mr. Govind Singh is the Managing Director and Chief Executive Officer at our Bank. He holds a bachelor's degree in commerce from Delhi University, and is a

certified associate of the Indian Institute of Bankers. He was the Assistant General Manager at ICICI Bank Limited previously. He was the Managing Director and Chief Executive Officer of our Promoter Group. He has also been

associated with Surya Fincap Limited, UTI Bank Limited, Allahabad Bank, State Bank of Patiala, and Bank International Indonesia.



**Mr. Sarjukumar Pravin Simaria**  
Chief Financial Officer

Mr. Sarju Simaria is the Chief Financial Officer of our Bank with effect from October 31, 2022. He is responsible for the financial affairs of our Bank. He holds a bachelor's degree in commerce from the University of Bombay and is an associate of the ICAI. He received the 'CA

CFO- for Large Corporates- BFSI Award' from the Committee for Members in Industry of Business (CMI&B), ICAI in the year 2022 and 'CFO Lifetime Achievement Award' at the CFO Vision & Innovation Summit & Awards in the year 2022. He has experience in the field of financial management and has previously worked at SUN F&C Asset Management (I) Pvt. Ltd., Edelweiss Tokio

Life Insurance Company Limited, Fino Payments Bank Limited, ECL Finance Limited and Edelweiss Financial Services Limited as their chief financial officer and at Canbank Investment Management Services Ltd., HDFC Asset Management Company Limited, AIG Global Asset Management Company (India) Private Limited and American International Group, Inc.



**Mr. Muthiah Ganapathi**  
Company Secretary

Mr. Muthiah Ganapathi is the company secretary of our Bank. He is also the compliance officer of our Bank. He has experienced in the field of in Corporate Secretarial Matters, Statutory Records & Agenda, Compliance, Corporate Governance, Due Diligence, IPO & Pvt.

Placement Documentations, Merger & Acquisition, Legal Affairs, Liaison-Regulators & External Agencies, and Internal Audits. Muthiah is a Company Secretary from The Institute of Company Secretaries of India, Mumbai, LL.B. from University of Mumbai and MFM (Finance) from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has experience with NeoGrowth Credit

Private Limited as Company Secretary – Vice President Legal, Secretarial and Compliance and Aditya Birla Finance/Aditya Birla Housing Finance Ltd. As Company Secretary. He has been recognised as Compliance Champion of the year 2019 by UBS Forums Compliance Leadership Summit & Awards and ACE award by Aditya Birla Finance Ltd

## Leadership Team



**Mr. Abhijeet Bhattacharjee**  
Chief Information Officer

Mr. Abhijeet Bhattacharjee, is the Chief Information Officer (CIO) at our Bank. He has done B.Sc. in economics and mathematics from University of Kolkata, post graduate diploma in information management,

and a master's in information management from Mumbai University. He has 24 years of rich experience in the IT space, managing entire technology stack, including preparation of technology strategy, infrastructure setup, and technology operations to application rollout and support. He also

has a successful track record of spearheading several digital transformation programs. He has worked with RBL Bank Ltd., Royal Bank of Scotland, ABN AMRO Bank, and UTI Bank. He held the post of Senior Vice President – Technology in his last assignment with RBL Bank Ltd.

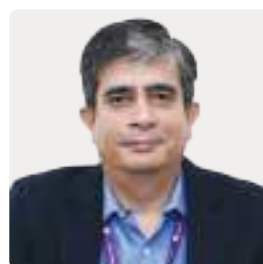


**Mr. Alok Pathak**  
Chief Risk Officer

Mr. Alok Pathak, Chief Risk Officer at our Bank. He holds a bachelor's degree in science from Shri Shahu Ji Maharaj University, Kanpur, a diploma in information and systems management

from Aptech. He has passed the certified banking compliance professional examination and the CAIIB Examination conducted by the Indian Institute of Banking and Finance. He has experience in the fields of risk management and treasury management.

He has previously worked at Yes Bank Limited as Executive Vice President – Risk Management, Axis Bank Limited as Deputy Vice President in the risk department and State Bank of Mysore as Deputy Manager (dealer in treasury).



**Mr. Hitain Sharma**  
Chief Human Resources Officer

Mr. Hitain Sharma is the Chief Human Resources Officer at our Bank. He holds a bachelor's degree in hotel management from Bangalore University and a postgraduate diploma in

business analysis and skills execution from Symbiosis Institute of Business Management, Pune. He has experience in the field of human resources and industry relations. He has previously worked at Aditya Birla Sun Life Insurance Limited as Vice President (Human resources), Kotak

Mahindra Bank Limited as Vice President, Tata AIG General Insurance as its Assistant Manager (Human Resource Department), Balsara Home Products Limited as its Manager (Human Resource Department), and Shaw Wallace Distilleries Limited.



**Mr. Mukesh Singh Verma**  
Chief Compliance Officer

Mr. Mukesh Singh Verma is the chief compliance officer of our Bank and joined our Bank w.e.f. April 13, 2023. He is responsible for maintaining compliance standards at our Bank. He has completed his bachelor's in commerce honour's (accounting & finance) and bachelor's of law (Honours)

from Himalayan University, Arunachal Pradesh. He is a fellow member of the ICSI. He has completed the online courses from Coursera Inc. on regulatory compliance comprising courses on- what is compliance?; effective compliance programs; privacy law and data protection and what is corruption: anti-corruption and compliance, from the University of Pennsylvania,

USA and fintech risk management, from the Hong Kong University of Science and Technology, Hong Kong. He has experience in providing regulatory compliance services covering RBI regulations. He has previously worked at North East Small Finance Bank, AU Small Finance Bank Limited, Himachal Fibres Limited and Religare Finvest Limited.



**Mr. Rahul Dey**  
Head – Internal Audit

Mr. Rahul Dey is the Head of Internal Audit at our Bank. He holds a bachelor's degree in forestry from the North Eastern Regional Institute of Science and Technology, Nirjuli, Itanagar, and a post-graduate diploma

in rural management from Xavier Institute of Management, Bhubaneswar. He is a certified associate of the Indian Institute of Banking & Finance. He has experience in the banking and microfinance sector. He has previously worked at Ujjivan Financial Services Private Limited as its

Regional Business Manager, Spandana Spoorthy Financial Limited as its Zonal Manager, Anjali Microfinance Private Limited as its Regional Sales Manager, ICICI Bank Limited as its Manager, BILT Tree Tech Limited as its Assistant Manager, and at our Promoter as its Vice President.



**Mr. Rahul Sinha**  
Head - Collections,  
Risk Containment Unit  
and Data Analytics

Mr. Rahul Sinha is the Head – Collections, Risk Containment Unit and Data Analytics of our Bank. He

holds a bachelor's degree in science from University of Delhi. He has experience in the field of lending and has previously worked at Bajaj Finance Limited as its business head – MSME lending, Tata Motors Limited

(formerly known as Tata Engineering and Locomotive Company Limited), ICICI Bank Limited as its assistant general manager and at Reliance Capital Limited as its vice president – sales & distribution.



**Mr. Sanjay Sharda**

Head - Consumer Banking

Mr. Sanjay Sharda is the head – consumer banking of our Bank and joined our Bank w.e.f. February 1, 2023. He is responsible for enhancing the digital

banking system for the customers and ensuring customer retention at our Bank. He has completed his bachelor's in commerce (Honours) from Deshbandhu College, University of Delhi and a master's degree in business administration

from Clarion University of Pennsylvania, USA. He has experience in the banking sector and previously worked at HDFC Bank Limited, Kotak Mahindra Bank Limited, BNP Paribas India, IndusInd Bank Limited and Citibank N.A.



**Mr. Trilok Nath Shukla**

Head – Micro Banking

Mr. Trilok Nath Shukla is the Head – micro-banking business of our Bank. He holds a bachelor's degree

in science from Purvanchal University, Uttar Pradesh.

He has experience in the field of administration and human resource development services. He has previously

worked at Cashpor Micro Credit as general manager, human resource development and has been a whole time Director of our Promoter Company.



**Mr. Umesh Arora**

Head - Assets

Mr. Umesh Arora is the head – assets of our Bank and joined our Bank w.e.f. March 20, 2023. He is responsible for ensuring quality of asset portfolio and monitoring the

business vertical targets of our Bank. He has completed his bachelor's in commerce (Honours) from University of Delhi and a master's degree in business administration from Indira Gandhi National Open University, New Delhi. He has experience

in the banking sector and has previously worked at UTI Bank Limited as its assistant vice president and Axis Bank Limited.



## COMMITTEES OF THE BOARD

### AUDIT COMMITTEE

Mr. Nagesh Dinkar Pinge\*  
Chairperson

Mr. Ajay Kumar Kapur\*  
Member

Mr. Kajal Ghose\*  
Member

Ms. Kalpana Prakash Pandey\* -  
Member

### CAPITAL STRUCTURING & FUND RAISE COMMITTEE

Mr. Parveen Kumar Gupta\*  
Chairperson

Mr. Nagesh Dinkar Pinge\*  
Member

Mr. Govind Singh  
Member

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Muralidharan Rajamani  
Chairperson

Ms. Kalpana Prakash Pandey\*  
Member

Mr. Ajay Kumar Kapur\*  
Member

### CREDIT APPROVAL COMMITTEE

Mr. Parveen Kumar Gupta\*  
Chairperson

Mr. Ajay Kumar Kapur\*  
Member

Mr. Kajal Ghose\*  
Member

### CUSTOMER SERVICE COMMITTEE

Ms. Kalpana Prakash Pandey\*  
Chairperson

Mr. Chandra Shekhar Thanvi  
Member

Mr. Muralidharan Rajamani  
Member

Mr. Parveen Kumar Gupta\*  
Member

\*Independent Director

#As the objective of the committee has been merged with the Board, the committee ceases to operate with effect from September 23, 2023 vide Board approval of even date.

Mr. Govind Singh -  
Member

### IT STRATEGY COMMITTEE

Mr. Kajal Ghose\*  
Chairperson

Mr. Nagesh Dinkar Pinge\*  
Member

Ms. Kalpana Prakash Pandey\*  
Member

Mr. Muralidharan Rajamani  
Member

Mr. Abhijeet Bhattacharjee  
Member

### NOMINATION AND REMUNERATION COMMITTEE

Mr. Kajal Ghose\*  
Chairperson

Mr. Parveen Kumar Gupta\*  
Member

Mr. Muralidharan Rajamani  
Member

### REVIEW COMMITTEE FOR IDENTIFICATION OF WILFUL DEFAULTERS

Mr. Govind Singh  
Chairperson

Mr. Chandra Shekhar Thanvi  
Member

Mr. Nagesh Dinkar Pinge\*  
Member

### RISK MANAGEMENT COMMITTEE

Mr. Ajay Kumar Kapur\*  
Chairperson

Ms. Kalpana Prakash Pandey\*  
Member

Mr. Muralidharan Rajamani  
Member

Mr. Parveen Kumar Gupta\*  
Member

Mr. Govind Singh  
Member

### SPECIAL COMMITTEE FOR CORPORATE OFFICE BUILDING PROJECT

Mr. Kajal Ghose\*  
Chairman

Mr. Nagesh Dinkar Pinge\*  
Member

Mr. Govind Singh  
Member

### SPECIAL COMMITTEE TO MONITOR LARGE VALUE FRAUDS

Mr. Govind Singh  
Chairperson

Mr. Chandra Shekhar Thanvi  
Member

Mr. Kajal Ghose\*  
Member

Mr. Nagesh Dinkar Pinge\*  
Member

Mr. Parveen Kumar Gupta\*  
Member

### STAKEHOLDER'S RELATIONSHIP COMMITTEE

Mr. Muralidharan Rajamani  
Chairperson

Ms. Kalpana Prakash Pandey\*  
Member

Mr. Ajay Kumar Kapur\*  
Member

Mr. Govind Singh  
Member

### COMMITTEE OF DIRECTORS FOR NEW INITIATIVES#

Mr. Parveen Kumar Gupta\*  
Chairperson

Mr. Muralidharan Rajamani  
Member

Mr. Nagesh Dinkar Pinge\*  
Member

Mr. Govind Singh  
Member



# **Management Discussion & Analysis**

# Management Discussion & Analysis

## INDIAN ECONOMY

While the global economy grappled with macroeconomic challenges, India sustained its positive growth trajectory in Global comment - FY23-24. India's economy showcased a remarkable surge, with the GDP growth rate reaching an impressive 7.6% in FY23-24. Driving this strong economic momentum was a substantial uptick in private investment spending, which grew by 10.6% year-over-year (YoY)<sup>1</sup>.

## INDUSTRY OVERVIEW

### Indian Banking Industry

Banking sector loan portfolio is estimated to grow by 16% (excluding HDFC merger impact) and deposits estimated to grow by 13% during FY23-24.

### Small Finance Bank Industry

Small Finance Banks<sup>2</sup> (SFBs) were introduced in India with the aim to provide financial inclusion and credit access to underbanked and unbanked segments of the population. These banks have played a crucial role in extending banking services to the economically weaker sections of the society, small businesses and entrepreneurs, facilitating inclusive growth.

SFBs have endured various challenges over the years, including demonetisation, implementation of the Goods and Services Tax (GST), the NBFC crisis and the global pandemic (Covid-19). As SFBs primarily cater to economically weaker sections of the society / small businesses, the Covid-19 pandemic has been especially difficult for the SFBs to navigate as it resulted in a period of high loan delinquencies and credit costs, hindering the profitability of the industry. However, with the improvement in the economic landscape, resilient business model of SFBs and their healthy financial position, SFBs successfully navigated the crisis and regained their healthy profitability and even improved on customer acceptability, brand building and overall financial performance during the period.

SFBs have been diversifying their loan portfolios, expanding in segments such as home loans, vehicle loans and MSME financing. While building a strong granular and retail deposits base remains a journey, SFBs have made commendable progress in establishing a strong deposit franchise.

The successful IPOs and listings of four small finance banks (SFBs) during FY23-24 mark a significant milestone in regaining investor confidence in the sector. The healthy investor interest witnessed in these IPOs, coupled with the availability of adequate capital for growth and the acceptability of SFB shares among public market investors, reflect the investor's trust in the sector. This achievement demonstrates the sector's ability to overcome challenges, adapt to changing market conditions, and position itself as a credible investment opportunity. With eight SFBs now listed, the sector has gained greater visibility and credibility, attracting a broader range of investors seeking to participate in the growth story of these specialized banks, which cater to the underbanked and unbanked segments of the population.

The consistent focus on financial inclusion and presence primarily in relatively underpenetrated geographies and locations have been the primary growth driver for the SFBs. The rural and the semi-urban areas provide a vast untapped market; with localised approach, good understanding of the target customer base and tailored product offerings, SFBs have been able to steadily expand their network in the areas, capitalising on the growing demand of financial services from the segments.

Furthermore, improving economic landscape, rising income levels and increasing financial literacy have created a favourable environment for SFBs to proliferate their businesses. Increasing credit demand is providing a lucrative opportunity for the SFBs. It is expected that diversified product offerings and customised lending solutions will prove to be beneficial for small finance banks.

### Micro Finance Industry

The Indian Microfinance Institution (MFI) industry has emerged as a crucial driver of financial inclusion. They play a significant role in providing access to credit, savings and other financial services to individuals and small businesses that are often overlooked by traditional banking channels. MFIs have become instrumental in promoting entrepreneurship, improving income generation and overall socio-economic development in the rural and semi-urban areas.

<sup>1</sup>[pib](#)

<sup>2</sup>[careratings](#)

The microfinance industry has made concerted efforts to expand its reach into rural and semi-urban areas, and these efforts have yielded positive results. The microfinance loan portfolio witnessed robust growth, expanding by 25% year-on-year to ₹3.99 lakh crore as of December 2023 from ₹3.21 lakh as on December 2022. This growth was supported by the addition of 1 crore new clients over last one year serving 7.4 crore unique borrowers.

Furthermore, MFIs are embracing technological advancements and leveraging cutting-edge solutions to enhance their operations and deliver better services to their customers. The adoption of digital banking platforms, usage of E-sign and E-KYC, complete digital onboarding and journey, data analytics and cybersecurity measures are transforming MFIs' operations.

These initiatives have not only optimised efficiency and improved transparency but also enable personalised banking experiences, streamlined processes and enhanced security measures, ultimately contributing to the industry's long-term growth and impact.

### Micro, Small and Medium Enterprises (MSME)

The Micro, Small and Medium Enterprises (MSME)<sup>3</sup> sector has significantly contributed to the India's economic growth, Gross Domestic Product (GDP) and manufacturing output and bolstered employment generation. According to the latest data, the MSME sector accounts for around 29% of the overall GDP and 36% of the manufacturing output.

Recognising the importance of MSMEs, the Indian government has implemented various schemes and programs to support the development of the sector. These initiatives aim to provide credit support, encourage new enterprise development, promote formalisation, offer technological assistance, develop infrastructure, impart skill development and training and facilitate market access for MSMEs.

### Housing Finance

The Indian Housing Finance<sup>4</sup> sector has recorded healthy growth in the recent years. The growth can be attributed to several factors, including rising incomes, enhanced affordability and substantial government support through initiatives such as the Pradhan Mantri Awas Yojana (PMAY). The sector has been playing a crucial role in meeting the housing needs of millions of individuals and have contributed significantly to the overall growth and development of the nation.

The mortgage penetration rate in India remained modest overall but with a low penetration rate in rural and semi-urban areas. This highlights the vast untapped potential, especially in these areas. According to estimates, the affordable housing segment stands as one of the fastest-growing domains, fuelled by robust government incentives and subsidies.



<sup>3</sup>pib

<sup>4</sup>icra

The interim Budget 2024-25 further bolstered this segment by announcing a scheme that will enable deserving sections of the middle-economic class 'living in rented houses, or slums, or chawls and unauthorized colonies' to buy or build their own homes. Furthermore, with the advent of digitization in the real estate sector, the changing demographics of homebuyers and the increased use of advanced technology solutions, the industry is poised for growth in the forthcoming years.

### Commercial Vehicle and Construction Equipment Finance

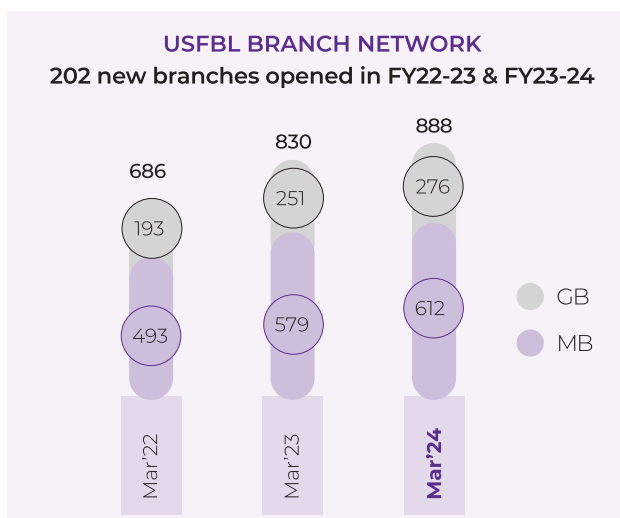
The Indian commercial vehicles market is a crucial component of the country's economic landscape. Growth is likely to be driven by improvement in macro economic conditions, healthy traction in industries and replacement demand.

Similarly, the construction equipment industry in India is estimated to grow at a healthy pace. The increasing urbanization rate, coupled with the government's focus on improving road infrastructure and boosting infrastructure activities, are driving the demand for construction equipment. Notable initiatives, such as the allocation of ₹10 lakh crore (USD 122 billion) for infrastructure in the Union Budget 2023-2024, are expected to further propel the market's growth.

## UTKARSH SMALL FINANCE BANK'S OVERVIEW

With its headquarters in Varanasi, Uttar Pradesh, Utkarsh Small Finance Bank Limited (USFBL) was incorporated on April 30, 2016 as a public limited company under the Companies Act, 2013. As of March 31, 2024, the Bank has established a strong presence nationwide through its 888 banking outlets spread across 22 States and 4 Union Territories of the country. The Bank also enjoys well-marked presence in rural and semi-urban areas. Exploring the underbanked segments of the country has not only proven to be lucrative for the growth of the Bank but has also enabled the Bank to comfortably meet RBI's requirement of a minimum of 25% of branches in Unbanked Rural Centres (URCs). As of March 31, 2024, 27% of the Bank's banking outlets were located in URCs. The Bank is expanding its network consistently and has opened more than 200 branches over the last two financial years. This expansion is expected to bolster the business growth of the Bank and facilitate the development of a diversified business profile.

The Bank's branches are classified into Micro-Banking (MB) and General Banking (GB) branches. As of March 31, 2024, the Bank had 612 MB branches and 276 GB branches. While MB branches focus primarily on micro-banking loans and financial inclusion in rural and semi-urban geographies, GB branches, located primarily in metropolitan and urban locations, provide services on deposit mobilization and other lending products such as MSME (Retail Assets), housing loans, commercial vehicle & construction equipment loans.



<sup>6</sup>[mordorintelligence](https://mordorintelligence.com)

<sup>7</sup>[mordorintelligence](https://mordorintelligence.com)

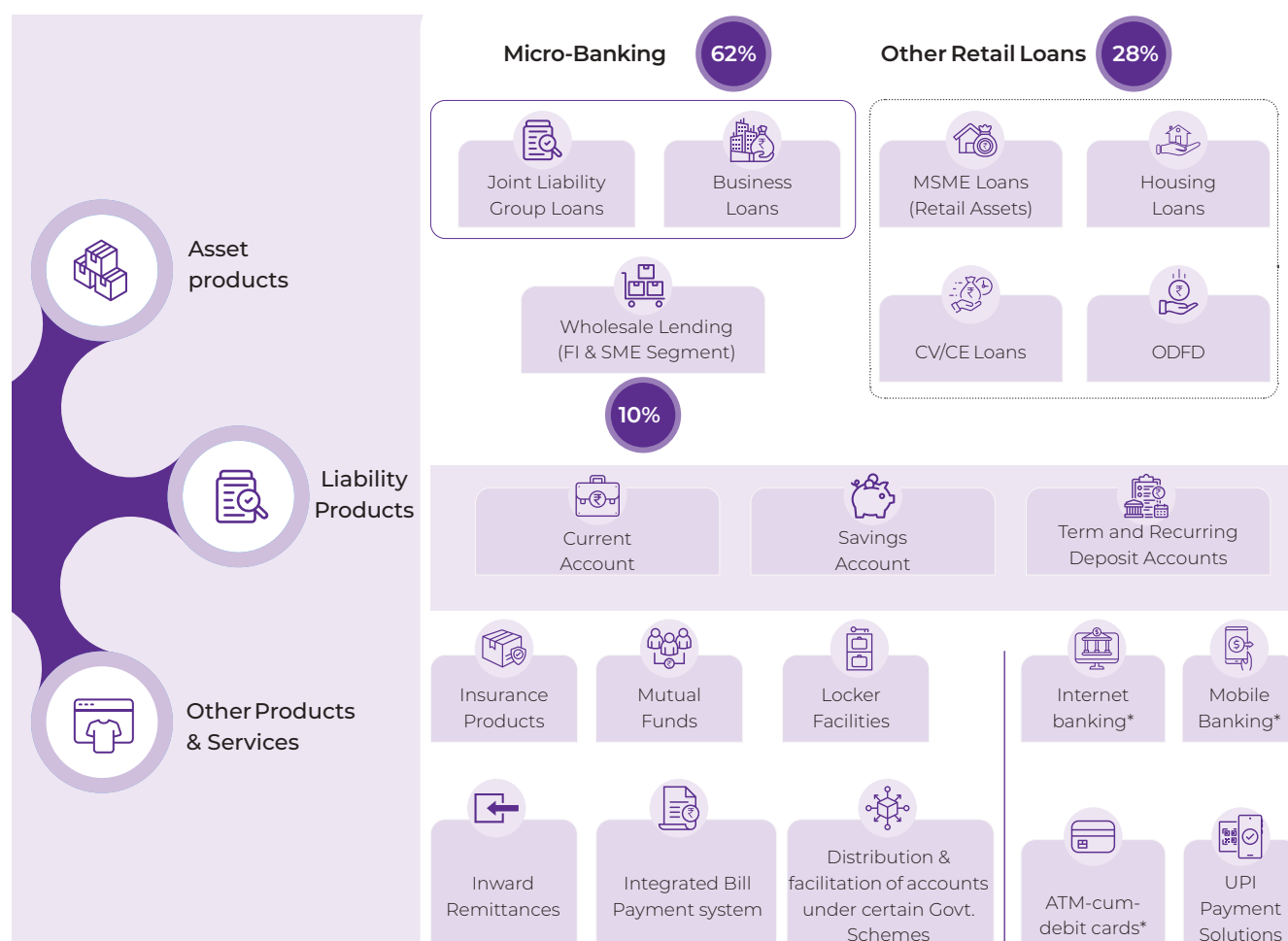
The Bank aims to promote financial inclusion and provide access to banking services to underserved and unserved sections of the society such as women entrepreneurs, low-medium-income households, micro and small enterprises, and low-middle income home buyers. In line with the objective to serve the underserved and unserved, USFBL has adequate presence in the less financial penetrated areas of Bihar, Jharkhand and Uttar Pradesh which accounted for 60% of the Bank's gross loan portfolio, as on March 31, 2024, reflecting significant growth potential. The Bank is also expanding its footprint across other geographies.

Utkarsh (including through its promoter company, UCL) started micro-banking lending from Uttar Pradesh in September 2009. The Bank has steadily built an impressive track record in the segment, laying the foundation for sustained growth. While the Bank continues to expand its micro-banking business, it is also building other retail loan products such as MSME (Retail Assets), Housing and CV & CE.

As of March 31, 2024, a robust workforce comprising 16,081 employees served a total customer base of more than 4.5 million. The Bank's gross loan portfolio stood at ₹18,299.28 crore as on March 31, 2024.

USFBL provides a diversified banking services as permissible for small finance banks. The Bank's products such as Savings Accounts and Current Accounts with variants meet savings and transaction requirements of the customers. Furthermore, the Bank leverages digitalisation to provide transactional ease through internet, mobile banking and UPI. The Bank's deposits have grown from ₹13,710.14 crore in March 31, 2023 to ₹17,472.60 crore as on March 31, 2024.

**Focusing on Financial inclusion, the Bank offers a range of financial products and services that address the specific requirements of customer segments**









**Portfolio split % (Mar'24)**  
\*Other Distribution channels



The Bank is led by the Managing Director and Chief Executive Officer, Mr. Govind Singh, who has over 25 years of experience in the banking and financial services sector. The Bank's Board consists of members who possess varied industry expertise. They provide strategic guidance that bolsters the growth of the Bank. The Bank's Senior Management team has significant experience in the banking and financial services industry, enabling the bank to grow in a sustainable and responsible manner.

### Key highlights of our Financial Performance during 2023-24

<b>NETWORK</b>		<b>888 vs. [830]</b> Banking Outlets	<b>26</b> States & UTs	<b>16,081 vs. [15,424]</b> Employees
<b>ASSETS</b>		<b>₹ 18,299 cr. vs. [₹13,957 cr.]</b> Gross Loan Portfolio	<b>31.1%</b> Gross Loan Portfolio Growth YoY	<b>34% vs. [31%]</b> Share of Secured Loans in Gross Loan Portfolio
<b>LIABILITIES</b>		<b>₹ 17,473 cr. vs. [₹13,710 cr.]</b> Deposits	<b>27.4%/42.9%</b> Deposits / RTD Growth YoY	<b>66% vs. [62%]</b> Share of CASA + Retail Term Deposits
<b>FINANCIAL PERFORMANCE</b>		<b>₹ 498 cr. vs. [₹405 cr.]</b> Profit After Tax	<b>₹997 cr. vs. [₹838 cr.]</b> Pre-provisioning Operating Profit	<b>56.4% vs. [54.1%]</b> Cost to Income
<b>CAPITAL STRUCTURE</b>		<b>₹ 2,973 cr. vs. [₹2,000 cr.]</b> Capital + Reserves	<b>22.6% vs. [20.6%]</b> CRAR*	<b>2.4%/19.5% vs. [2.5%/22.9%]</b> ROAA/ROAE
<b>ASSET QUALITY</b>		<b>2.5% vs. [3.2%]</b> Gross NPAs	<b>0.03% vs. [0.39%]</b> Net NPA	<b>98.9% vs. [88.3%]</b> Provision Coverage Ratio (incl. floating provision)

\*Figures in [ ] represent FY 2022-23; Ratios basis monthly average balances.

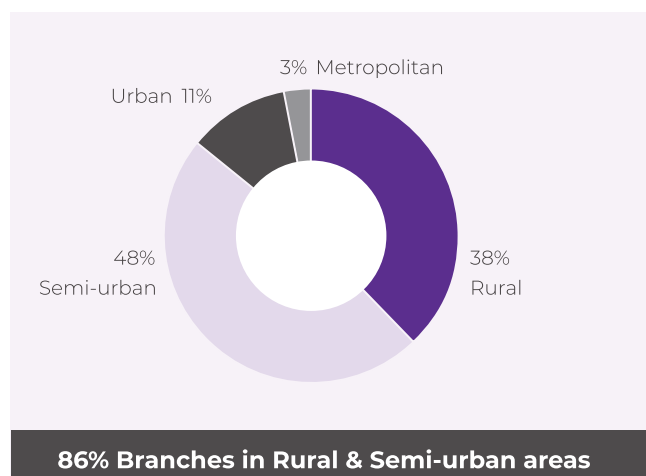
\*Post effect of the proposed dividend for FY 2023-24, which has impacted CRAR by ~43 bps

### BUSINESS PERFORMANCE

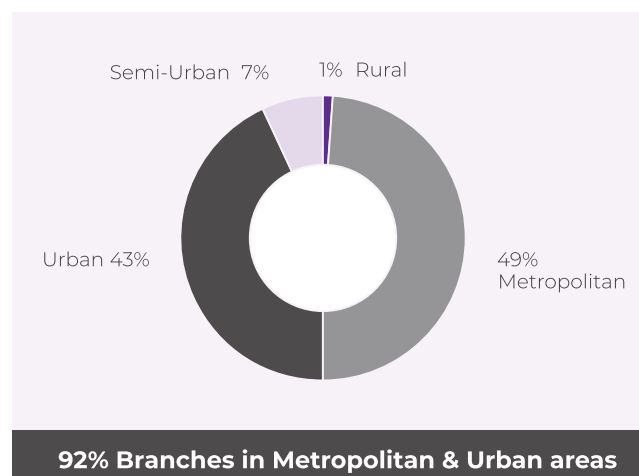
The Bank has established a strong rural and semi-urban presence with around 63% of branches in those areas. The Bank has built a differentiated branches network that provides tailored and relevant product offerings to the customers while ensuring cost efficiency of operations. The Bank's MB branches offer micro-credit and other retail loans to its customers as well as deposits and payment services.

On the other hand, GB branches focus on garnering deposits. The Bank has adopted the strategy to target the top 100 locations that can facilitate deposit mobilisation to expand its GB branches network.

#### Demographic Break up of MB Outlets



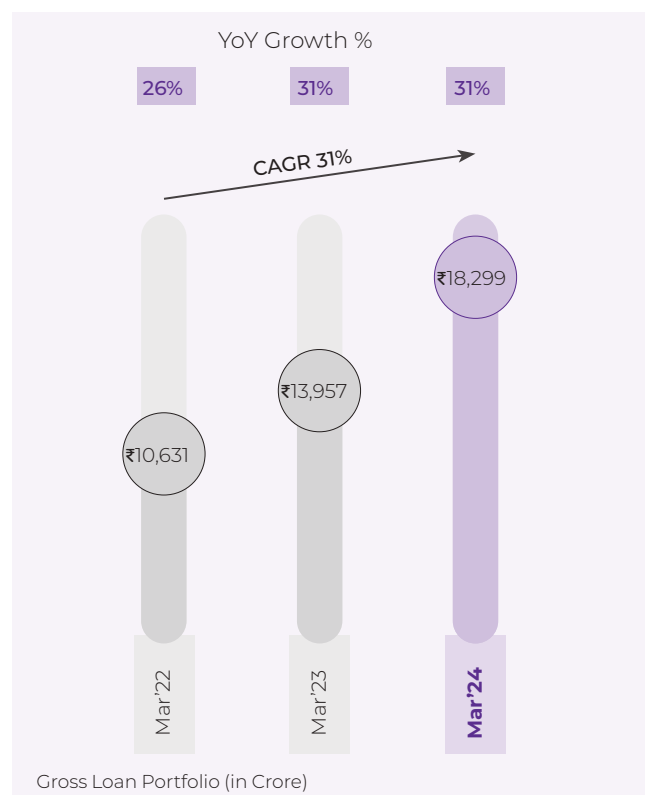
#### Demographic Break up of GB Outlets



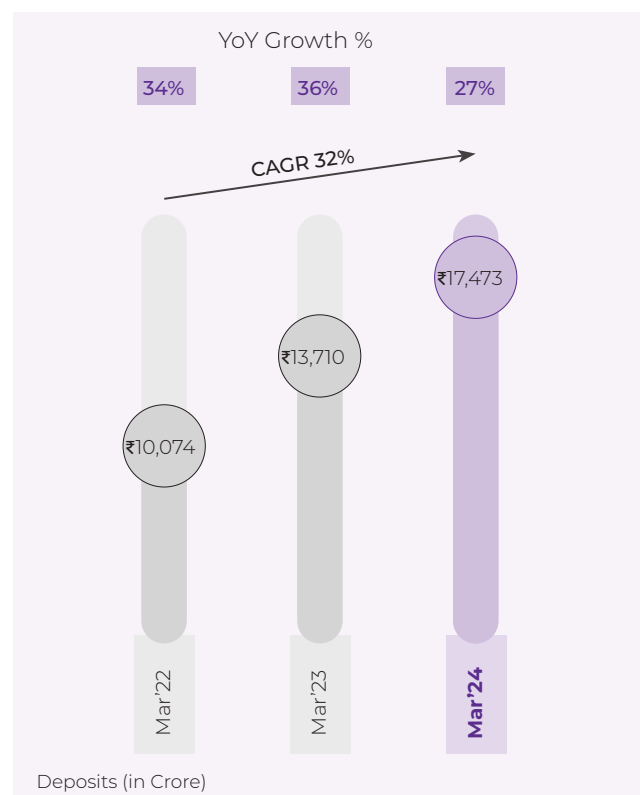
As of March 31, 2024, the Bank was operating its MSME (Retail Assets) loans, housing loans and CV & CE loan verticals across 86, 56 and 44 branches respectively. The existing branch network provides significant cross-sell opportunities as well as cater to diversified clientele base.

The Bank has witnessed a healthy growth during FY 2023-24 with total assets growing by 25% to ₹23,902.68 crore. The Bank's positive growth can be attributed to its robust expansion and diversified services. Utkarsh SFBL's gross loan portfolio and deposits grew by 31% and 27% respectively during FY 2023-24 and stood at ₹18,299.28 crore and ₹17,472.60 crore respectively as on March 31, 2024.

### Loan Book Growth



### Deposits Growth



### Liabilities – Deposits

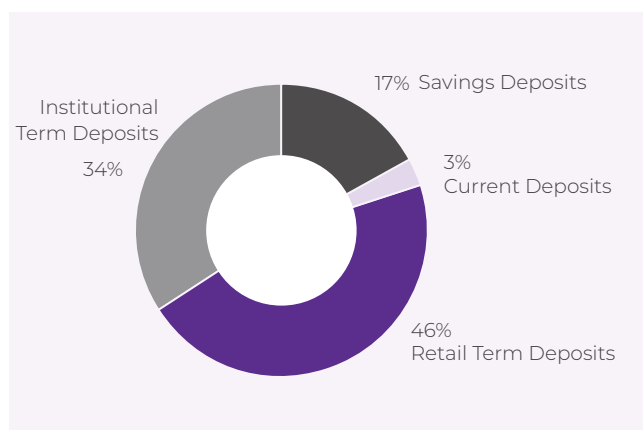
The Bank strategises to focus on the top-100 deposits centres of the country, primarily in the metropolitan and urban centres. The Bank offers diversified service suite at competitive rates targeting primarily the retail customers from all segments, especially senior citizens, middle-class individuals, self-employed and salaried individuals.

Deposit mobilisation from retail customers remain the most stable source of funding to the Bank and is keenly focused by the management for a healthy and granular deposits profile. The Bank's total retail term deposit base grew by 42.9% in FY 2023-24 to ₹7,968.41 crore as of March 31, 2024 from ₹5,575.13 crore as on March 31, 2023 which shows steady growth in Bank's franchise. Retail term deposits has been a key driver for the Bank's deposits growth in FY 2023-24. The Bank opened 25 General Banking (GB) branches during FY 2023-24, taking the Bank's total GB branches to 276 spread across 26 states / UTs of the country as of March 31, 2024. The Bank offers deposits products from all 888 banking branches of the Bank. USFBL's branch network is also complemented by 320 ATMs as on March 31, 2024 and 619 Micro ATMs which provide cost-efficient systems of offering basic banking facilities such as cash deposit, cash withdrawal, and green pin generation among others.

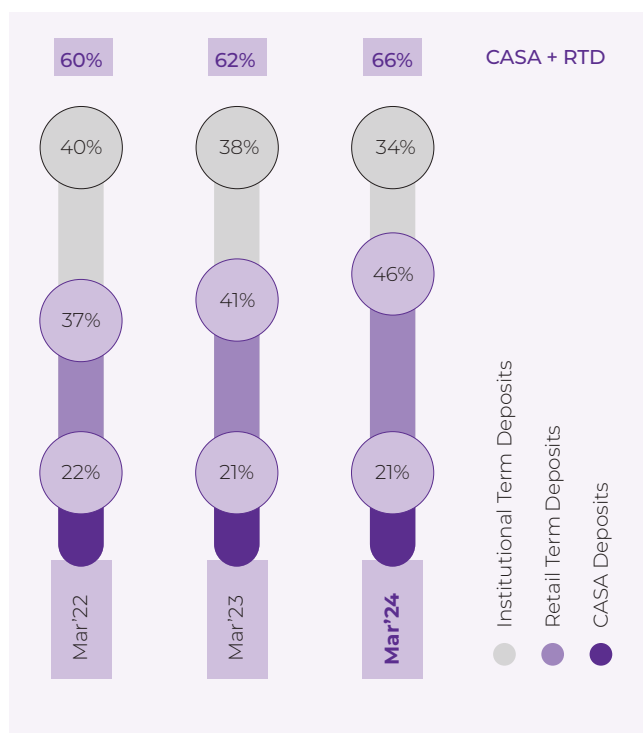
The Bank is consistently strengthening its digital and fintech presence, both directly as well as through partnerships. The Bank has also enabled instant savings and term deposit account opening through video KYC through its website. The Bank has partnered with a fintech company to provide term deposit products to the established clientele base of the fintech platform. Furthermore, the Bank has launched inter operable card-less cash withdrawal (ICCW) to enable customers to transact or withdraw funds without card on ICCW enabled ATMs. The Bank is also on the Aadhaar Enabled Payment System (AEPS), both as an Issuer and acquirer, allowing convenient cash withdrawals and offering accessibility of micro-ATM network for routine banking transactions in rural and semi-urban areas.



### Deposits Composition as on March 31, 2024



The Bank's CASA deposits grew by 25.09% in FY 2023-24 to ₹3,582.31 crore as of March 31, 2024 from ₹2,863.74 crore as of March 31, 2023. The growth in CASA deposits was impacted by hardened interest rate scenario because of which depositors would have preferred term deposits and other fixed income investments over CASA deposits. Overall, the Bank has been focusing on building the share of CASA plus retail term deposits continuously, the share of CASA plus retail term deposits increased to 66.11% of total deposits of the Bank as of March 31, 2024, from 61.55% of total deposits as on March 31, 2023.



The Bank is primarily focusing on building granular deposits profile, reducing overall bulk deposits and limiting reliance on the top 20 depositors. As a result, the

share of bulk deposits declined from 38% to 34% and share of top-20 depositors declined from 21% to 18%. USFBL is also aiming to diversify its institutional deposit profile by acquiring and strengthening relationships in the Government and Institutional Business (GIB) segment. With the objective of growing the CASA Deposits from Institutional Clients, the Bank has launched various products and solutions which include SmartPay -White label Collection Solution, e-NACH or e-Mandate Solution in addition to strengthening the Corporate Internet Banking Channel.

The Bank was registered with SEBI as Banker to Issue and Self Certified Syndicate Bank (SCSB) and launched the facility of Application Supported by Blocked Amount (ASBA) for retail and institutional clients which enhances Bank's product offering for the customer.

### Decline in Top-20 Depositors Concentration



### Geographically well diversified mix of deposits

As a strategy to build diversified deposits profile, the Bank has been continuously expanding its franchise and presence. As on March 31, 2024, the Bank has established its presence in 22 states and 4 UTs. The Bank's deposits are fairly well diversified across states and UTs, with no state accounting for more than 20% of the Bank's total deposits as on March 31, 2024.

## Geographical Split of Deposits

States	% Share in Total Deposit	Total Banking Outlets
Andhra Pradesh	0.2%	3
Assam	0.7%	2
Bihar	4.9%	214
Chandigarh	1.5%	3
Chhattisgarh	0.9%	19
Goa	0.1%	2
Gujarat	4.2%	15
Haryana	7.9%	34
Himachal Pradesh	1.9%	2
Jammu & Kashmir	0.1%	1
Jharkhand	5.0%	79
Karnataka	1.5%	9
Kerala	0.8%	4
Madhya Pradesh	2.3%	38
Maharashtra	16.1%	75
Meghalaya	0.0%	1
NCT of Delhi	11.8%	31
Odisha	1.6%	85
Puducherry	0.3%	1
Punjab	5.4%	9
Rajasthan	2.1%	26
Tamil Nadu	2.0%	10
Telangana	0.9%	4
Uttar Pradesh	17.8%	182
Uttarakhand	6.0%	23
West Bengal	4.1%	16
<b>Total</b>	<b>100%</b>	<b>888</b>

## Customer services and digitalisation

We have been constantly upgrading our technology-driven process and system, with an aim to provide superior customer experience. In view of achieving a strong technological infrastructure base, the Bank has focused on building a strong technological infrastructure with high availability and a robust architectural foundation for overall deposit growth. It is the prime objective of the Bank to enhance customer experience with digital channels such as debit cards, POS, ATMs, internet banking, mobile banking and a well-served customer care Call Centre, along with a consistently expanding branch network.

In servicing its customers with a differentiated banking experience, USFBL offers the under-mentioned digital solutions:-

- **Internet Banking and Mobile Banking:** Bank offers advanced, secure and robust applications to the customers that streamlines operations.
- **Digi-On-Boarding:** In order to digitise customer acquisition, our Bank had launched tablet-based account opening system.
- **Utkarsh UPI Application:** Utkarsh UPI application includes two-factor authentication along with SIM and device binding that enhances security and eases convenience during digital payments
- **Fintech:** The Bank is entering into strategic partnerships with fintech companies to bolster digital initiatives
- **UPI Lite:** USFBL launched UPI Lite, allowing transaction upto H200, through single click payment system without any UPI Pin. This initiative offers superior user experience with faster real-time settlement
- **e-KYC e-Sign:** Utkarsh SFBL has started e-Sign and e-KYC to facilitate faster and flexible process, reducing turnaround time with its paperless processes
- **Video KYC:** Implementation of v-KYC process for Liability and Assets vertical
- **RuPay Contactless International Debit Card:** Launched three new variants of RuPay Debit Card with contactless and International Transaction functionality.
- **Utkarsh Vyapar:** It is a complete Digital Store for merchants powered by Getepay. Utkarsh Vyapar is a comprehensive merchant payment solution from Utkarsh SFBL. This offers the merchants an opportunity to grow their business through digital solutions.



#### ● **Aadhaar Enabled Payment System-AePS:**

to provide a seamless and secure banking experience to millions of Bank customers across India. AePS is a biometric-based payment system that leverages the Aadhaar authentication framework to enable secure, real-time financial transactions. This technology allows individuals to access various banking and financial services using their Aadhaar number and biometric authentication, ensuring financial inclusion for all

## ASSETS – LENDING PRODUCTS

USFBL focuses on building retail loan books through micro-banking loans through Joint Liability Group (JLG) loans, micro-banking business loans, MSME (retail assets) Loans, Housing Loans, Commercial Vehicle Loans & Construction Equipment Loans. The Bank's gross loan portfolio grew by 31.11% from last year and stood at ₹18,299.28 crore at the end of the reported year.

Bank's loan growth is backed by a healthy growth in Bank's micro-banking lending, which grew by 22.76% during FY 2023-24 to ₹11,312.86 crore as on March 31, 2024. Other retail loans and wholesale lending businesses, together grew by 47% during FY 2023-24, albeit on a moderate base.

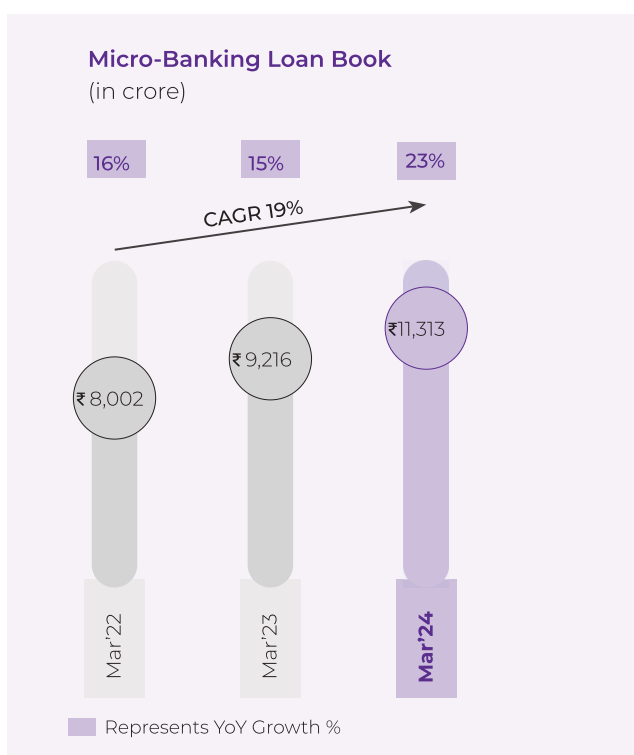


## Micro-Banking Lending

Commencing its operations from September 2009 from Uttar Pradesh, USFBL takes pride in establishing an impressive record in the microbanking sector. The rural and semi-urban areas are relatively underserved sections of the society; the Bank's marked presence in those areas contributed significantly to the growth of USFBL.

The Bank offers Joint Liability Group (JLG) loans, micro banking business loans to matured JLG clients and PM SVANidhi loans to the street vendors. The Bank offers loans to empower underprivileged or low-income individuals who have limited access to financial services. These loans have enabled borrowers to pursue income-generating activities as well as facilitate some to embark on their entrepreneurial journey. The Bank aims to deliver affordable and accessible banking services to encourage them to achieve their dreams and aspirations.

At the same time, the presence of JLG structure with a strong and frequent physical connect with borrowers, leads to a healthy credit discipline among the borrowers. These characteristics make micro-banking business an economically viable proposition over the cycles while also bringing the much-needed social impact, therefore proving it a real double bottom line for the business.

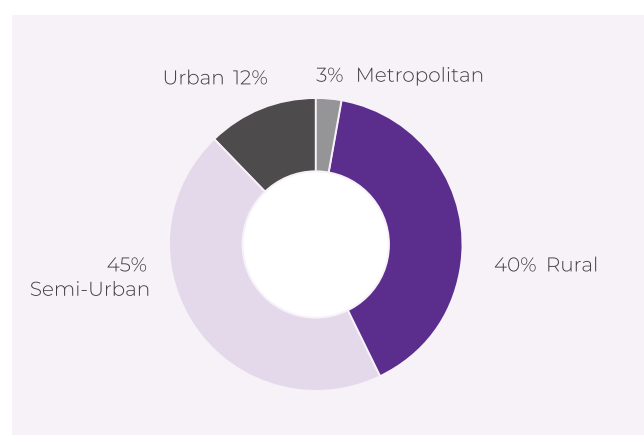


The growth can be primarily attributed to robust new customer acquisition and healthy subsequent loan cycle disbursements. The Bank is expected to maintain sustained growth in the microbanking loan sector owing to marked presence in relatively underserved geographies. Furthermore, digital onboarding for loan as well as savings account opening, e-sign, e-KYC, digital collections through customer specific QR code,

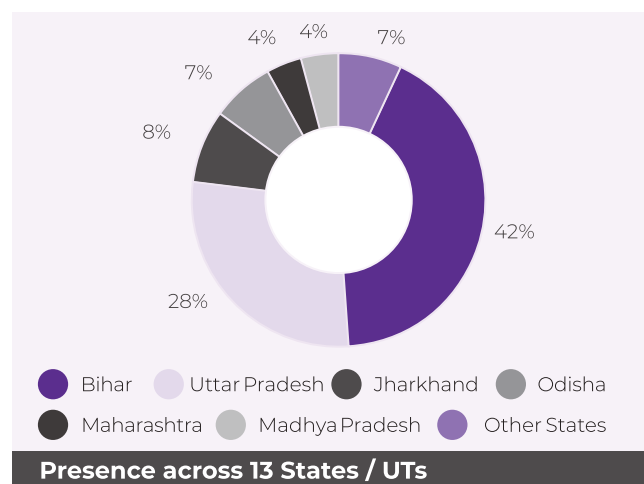
micro-ATM, video PD and other offerings will serve as a backbone in building a strong & sustainable franchise with cost efficiency.

Furthermore, while the USFBL's core geography of Bihar and Uttar Pradesh remain the mainstay of Bank's micro-banking portfolio, the Bank has been increasing its micro-banking footprints to newer states. As on March 31, 2024, the Bank's micro-banking loan portfolio is spread across 13 States & UTs covering a client base of more than 30 lakh. The Bank's loan portfolio is spread across 166 districts and serving through 612 micro-banking outlets.

#### Demography wise break-up of Bank's micro-banking portfolio



#### State wise break-up of Bank's Micro-banking portfolio



The Bank provides cashless disbursement in the micro-banking segment and disburses all the loans in the bank accounts of the customer. Furthermore, the Bank is continuously stepping towards increasing digital collections primarily through customer specific QR code and Bill desk payment gateway. The Bank is expecting increase in cashless collections going forward. The increase in penetration of cashless collection is likely to reduce

operational risk pertaining to physical cash as well as improve the efficiency of the field staff, apart from benefit of cashless mode of payment to the underlying client.

The onboarding of micro-banking clients are completed through e-KYC and e-sign processes that optimises efficiency and facilitate swift on-boarding process while providing superior customer experience.

#### The Bank offers following products under micro-banking lending:

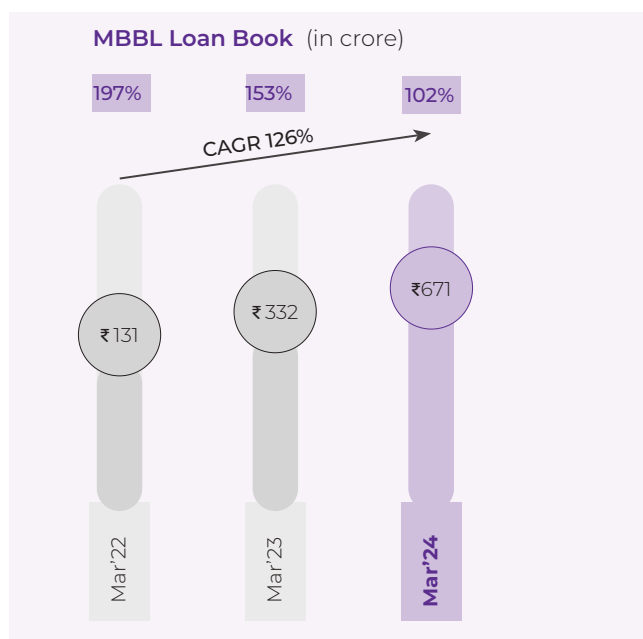
Break up of Micro-Banking Portfolio	Amount in ₹ Cr	
	Mar-23	Mar-24
Joint Liability Group Loans	₹8,880	₹10,634
Micro-Banking Business Loan	₹332	₹671
PM SVANidhi	₹4	₹7
<b>Total Micro-Banking Portfolio</b>	<b>₹9,216</b>	<b>₹11,313</b>

#### Joint Liability Group (JLG) Loans

The Bank offers JLG loan to its clients for income generating activities on the strength of group-guarantee loan model which enables the individuals to take loans without any collateral or security. The borrowers are encouraged to promote credit discipline through mutual support within the group, encourage prudent financial conduct among the group, and ensure timely repayment of their loans. The primary target customer segment are women in households, engaged in income-generating activities or intending to begin a new income-generating activity on their own. The methodology includes either fortnightly or bi-fortnightly centre meetings and 'stepped-up' loans that can grow each time a client takes a loan and successfully repays it, thereby demonstrating good credit discipline and the need for higher amount of loan. As of March 31, 2024, all of the Bank's customers in the JLG loans segment were female, with loans ranging between ₹6,000 and ₹1,00,000 for income generating activities.

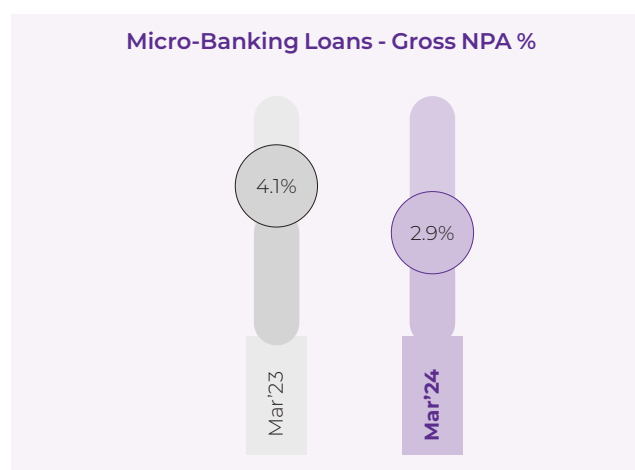
#### Micro Banking Business Loans (MBBL)

With an objective to meet the increasing funding requirement of customers who have completed multiple loan cycles with the Bank, the Bank offers MBBL loans to its existing matured JLG borrowers. The Bank's MBBL loan portfolio doubled, albeit on a smaller base, during FY 2023-24 to ₹671 crore, as of March 31, 2024. Given the Bank has long track record in JLG lending and has a large number of JLG borrowers, the Bank expects significant growth potential in MBBL lending which is also reflected in credit growth registered by the Bank in FY 2023-24. Furthermore, as the Bank provides MBBL loans only to its existing borrowers with good track record, the asset quality in MBBL loan segment remain very healthy with Gross NPAs of <1% as on March 31, 2024.



### PM SVANidhi Loan Scheme

With the aim to restore the livelihood of street vendors, the Ministry of Housing and Urban Affairs had launched Prime Minister's Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) loan scheme.



The Bank recorded an improvement in asset quality of microbanking loans as Gross NPAs declined from 4.1% as on March 2023 to 2.9% as on March 2024.

### Saving and Pension, Health Insurance Products for Micro-Banking Clients

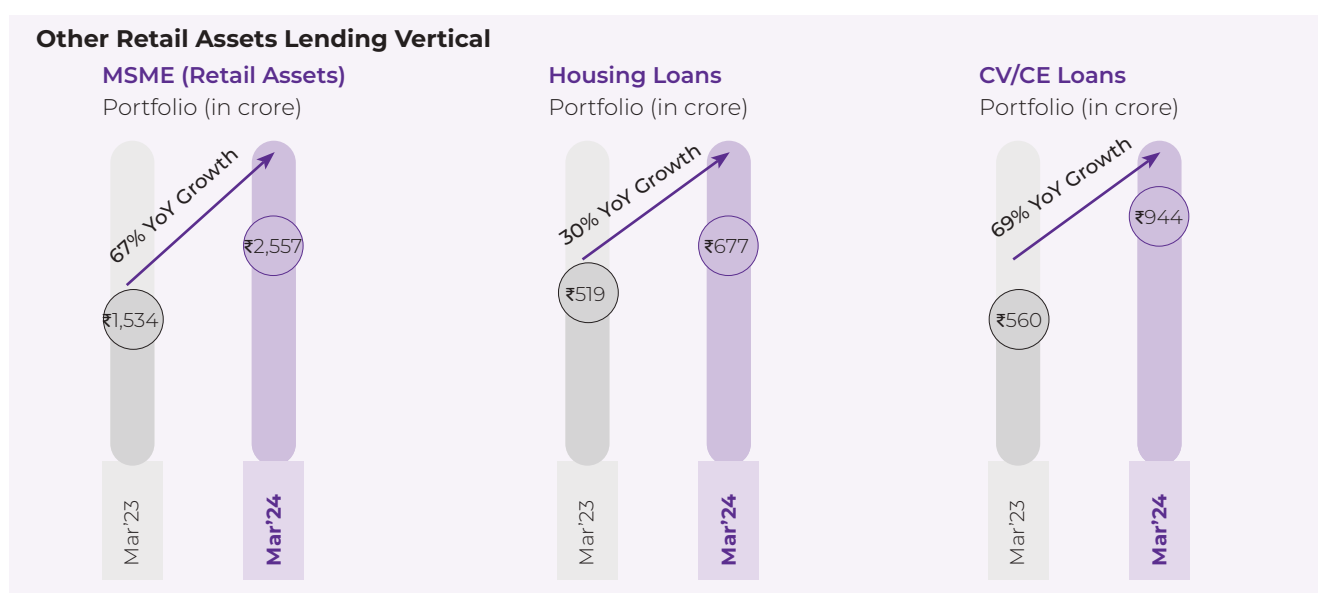
As of March 31, 2024, the Bank has opened more than 19.5 lakh BSBDA Savings Bank Accounts. These accounts were introduced to provide suitable saving and finance products to borrowers and develop the habit of saving among the microfinance borrowers.

The Bank offers Atal Pension Yojana (APY) to savings bank account holders in the age group of 18 to 40 years. The Bank acts as a Point of Presence and aggregator and enrolls subscribers through architecture of the National Pension System. This product promotes savings amongst micro finance borrowers as well as provide security post-retirement age.

Furthermore, the Bank also offers Hospicash (a health insurance product) to its customers which not only provides health insurance cover for hospitalisation expenses but also work as wage loss cover for micro banking customers due to hospitalisation.

### Other Retail & Wholesale Lending Book

The Bank has always been focused to build a diversified retail loan book, providing different services to the consumers. Over the years, the Bank has steadily built a varied product portfolio, encompassing MSME (retail assets), housing, CV & CE loans and other retail loan products. Bank's core geography, Bihar, UP and other states, offers significant growth potential for these products as well.



### MSME (Retail Assets) loans

The Bank offers secured business loans, unsecured business loans, Micro LAP and overdraft products to MSMEs. The Bank has activated 86 branches for its MSME loan product, enabling its loan book grow by 66.68% to reach ₹2,556.99 crore in FY 2023-24 from ₹1,534.09 crore in FY 2022-23. The robust expansion and marked presence in underserved sections of the society contributed to the growth in MSME loan book. The segment records over 95% secured lending with average ticket size of loan book at ₹25-₹35 lakh.

### Housing loans

Housing finance segment continues to be a significant contributor to the growth trajectory in our country. USFBL focuses on providing affordable housing loans to self-employed and salaried individuals, targeting formal, informal and semi-formal income segments. As of March 31, 2024, the Bank offers housing loans through 56 branches.

The housing loan portfolio witnessed an increase from ₹519.25 crore to ₹676.59 crore during FY 2023-24, recording a growth of 30%. This growth can be attributed to the Bank's consistent focus on building the housing loan book, expanding network and a relatively small base of the Bank's housing loan portfolio.

### Commercial Vehicle (CV) and Construction Equipment (CE) Loans

CV & CE loans has been one of the key retail loan products for Banks and NBFCs in India. USFBL offers loan for both new and used commercial vehicles and for construction equipment. However, used vehicle contributes to less than 5% of the total CV & CE loan book as on March 31, 2024.

The Bank caters primarily towards small fleet operators and in the core geographies of Bihar, Jharkhand and UP which are relatively underserved. While these geographies offer good growth potential, Chandigarh, Delhi NCR, Rajasthan and West Bengal are also proving to be lucrative markets for the Bank. With CV & CE loans being provided from 44 branches, the Bank's CV & CE loan portfolio have grown from ₹560.36 crore in FY 2022-23 to ₹944.44 crore in FY 2023-24.

### Business Correspondent (BC)

In FY 2017-18, USFBL started the Business Correspondent (BC) Model to foray in untapped geographies and diversify the loan book. The BC partners acquire, manage and service customers as an extended arm of the Bank, following all the policies and procedures given in the internal governance structure.

The Bank maintains BC partnerships for JLG, Small Business Loans, Personal Loans and Supply Chain Finance. BC partners manages a total loan book of ₹721.07 crore, attributing to 3.94% of the Gross Loan Portfolio as of March 31, 2024.

### Wholesale Lending (WSL)

USFBL's wholesale loan portfolio grew by 21.7% during FY 2023-24 to ₹1,882.41 crore from ₹1,546.81 crore recorded in the previous financial year as on March 31, 2023 and accounted for 10.3% of total loan portfolio of the Bank (declined from 11.1% as on Mar-23). As a business strategy, the Bank intends to keep WSL loan portfolio share in total portfolio largely at similar levels of FY 2023-24. Banks WSL loan portfolio comprised Financial Institution (WSL FI) lending and business banking group loans to small corporates

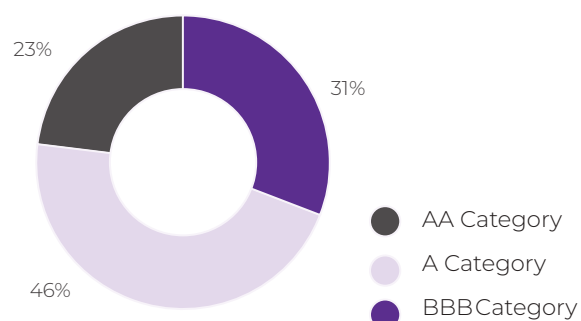
Amount in ₹ crores		
Break up of Wholesale Loan Portfolio	Mar-23	Mar-24
WSL FI Lending	₹1,179	₹1,287
Business Banking Group (BBG)	₹368	₹596
<b>Total WSL Portfolio</b>	<b>₹1,547</b>	<b>₹1,882</b>

### WSL FI Lending

Commencing the operations from FY 2017-18, the Bank started WSL FI lending with the aim to diversify the loan book and expand geographic footprint by leveraging the Bank's rich knowledge and expertise in the retail lending space in India. USFBL provides loan facilities to Non-Banking Finance Companies (NBFCs), Housing Finance Companies (HFCs), NBFC-MFIs and other entities engaged in financial services activity. The loans are offered to meet their on-lending funding requirement.

The Bank's WSL FI loan book comprised loans to entities rated by external credit rating agencies at A-rating category or higher (69% of WSL FI loan book) and balance 31% is loan towards companies rated in BBB rating category.

### Rating Wise WSL FI Portfolio Break up





## **Business Banking Group (BBG) Lending**

USFBL provides short-term and long-term loan facilities to Small and Medium Enterprises (SMEs) and other entities engaged in manufacturing, services or trading activity. The loans are offered to meet their working capital and business expansion requirements. Non-fund based products in the form of Bank Guarantee is also offered to the customers under the Wholesale lending. The Bank provides loans primarily with a ticket size of ₹1 - ₹10 crore, mostly secured against collateral of immovable property.

## **Business Strengths & Strategies**

### **Deep understanding of microfinance segment and strong presence in rural and semi-urban areas**

USFBL leverages the legacy and the experience of the promoter company UCL to cater to the financing needs of the unbanked and the underbanked sections of the society. To serve the deserved has been infused into USFBL's core vision. Our deep understanding of the microfinance business along with an expansive network in relatively less explored rural and semi urban locations provide healthy growth opportunities.

### **Continue diversifying the retail asset portfolio**

The primary focus of the Bank is to keep diversifying the asset portfolio to cater to the existing customers from the unserved and underserved sections of society. The Bank intends to offer a bouquet of retail loan products to cater to the evolving financing needs of its customers.

As a result of healthy growth in other retail loan portfolio, the share of microbanking loans declined in Bank's gross loan portfolio from 66% as Mar-23 to 62% as on Mar-24, the trend of decline in share of micro-banking portfolio is expected to continue over short to medium term.

### **Expanding deposits base with focus on retail deposits**

The Bank offers a variety of demand and time deposit services. Our product suite includes a range of deposit products including savings accounts, recurring and fixed deposits, which are available at competitive rates, predominantly targeting retail customers across various segments. The Bank has been consistently focusing on improving granularity of its deposits and improving share of CASA and retail term deposits. The Bank's CASA and retail term deposits portfolio together stood at ₹11,550.72 crore (66.11% of total deposits) as of March 31st 2024 increasing from ₹8,438.87 crore (61.55% of total deposits) as of March 31, 2023.

### **Diversified distribution network with significant cross-selling opportunities; Leverage Bank's extensive franchise and presence further**

The Bank has an extensive physical network of 888 banking outlets across 22 states and 4 union territories, covering 262 districts in India as on March 31, 2024. Out of these 888 banking outlets, 556 are located in rural and semi-urban areas, aligning with USFBL's core vision of financial inclusion. The Bank has opened more than 200 branches during last two financial years – FY 2022-23 & FY 2023-24, providing services to a diversified clientele. Furthermore, the Bank has implemented new lead management system (LeMS), offering significant cross-sell opportunities.

### **Healthy growth with healthy financial and cost-efficient operational performance**

The Bank provides products and services in a cost-effective manner; USFBL's cost-to-income ratio is one of the lowest among all SFB's. The Bank's cost-efficient operations can be attributed to clearly articulated business strategy, as well as branch structure, our track record expertise, automated and digitised processes. During the year under review, USFBL maintained healthy operational performance validated by a 18.96% year-on-year growth in operating profits (before provisions) to reach ₹997.27 crore compared to ₹838.32 crore in FY 2022-23. The Bank also maintained healthy cost-income ratio of 56.4% during FY2023-24.

### **Focus on risk management and effective operations**

The Bank prioritises risk management at the core of all operations. The Bank has established a robust and comprehensive credit assessment and risk management framework. The framework identifies, monitors and manages risks inherent in the operations, particularly in managing credit, market, liquidity, IT and operational risks.

The Bank measures, monitors and implements risk parameters, including real-time monitoring of regulatory updates and trends in national and international markets; framing guidelines, policies and products in accordance with industry practices; defining admissible portfolio at risk for each product; and establishing an early warning system to provide signals for sector performance and limits on extending funds to a particular industry.

The Bank's effective credit risk management is reflected through the control of portfolio quality indicators. The percentage of gross NPAs to Gross Advances was 2.51% while the percentage of net NPAs to Net Advances was 0.03% as on March 31, 2024. On the other hand, the Provision Coverage Ratio (PCR) was healthy at 98.92% as on March 31, 2024. Furthermore, the Bank's efficient management team comprising of qualified and experienced professionals, possess deep knowledge of the industry, enables the Bank to navigate through different challenges and build a resilient and consistent franchise.

### Revolutionising use of technology and varied digital offerings

The Bank leverages advanced, cost-effective technology to drive the operations of the Bank. USFBL intends to strategically invest in leveraging technology to optimise operations. The Bank also aims to reduce operating cost, increase efficiencies and encourage customers to migrate from an assisted model to a self-service delivery model. Thereby, the Bank aims to continue to invest in advanced technology to enhance customer experience and offer a range of bespoke financial products adhering to the financial requirements.

### Business Technology Transformation project

Digital transformation has played a crucial role in the dynamic financial landscape, enabling customer-centricity. The Bank has set up a Transformation Management Office to act as centralised Project Management Office (PMO) to implement all strategic projects in a timebound manner while assessing progress with return on investment. The Bank has also partnered with one of the reputed consulting firms and has also created an internal team of select staff to be part of Transformation Management Office (TMO).

The Bank strategies to diversify and increase retail asset portfolio and liabilities business, redefining customer journeys and optimises operations. The Bank is currently facilitating automation by implementing modern Loan Origination systems and updating the digital onboarding process and assisting journey through the internal development team. Furthermore, the Bank is adopting cloud computing to create a robust and scalable IT infrastructure. USFBL is also upgrading and replacing some of the key applications according to the latest technology standards.

### Capital raising through Initial Public Offering (IPO) in July 2023

The Bank had launched its Initial Public Offering (IPO) in July 2023 and raised equity capital of ₹500 crore by issuing 20 crore equity shares at ₹25 per share (including securities premium of ₹15 per share). The Bank's IPO was accepted well by the investors with overall subscription of 100 times. The IPO has enabled the Bank to meet one of the licensing conditions. As a result of IPO, promoter shareholding in the bank declined from 84.75% as on March 31, 2023 to 69.06% as on March 31, 2024. Capital raised through IPO coupled with accretion of profits resulted in increase of Capital plus reserves by 49% from ₹2,000 crore as on March 31, 2023 to ₹2,973 crore as on March 31, 2024.

Bank's public shareholding is fairly diversified with presence of institutional investors such as Mutual Funds, Life Insurance Companies and others. Furthermore, the Bank's Promoter, Utkarsh CoreInvest Limited (UCL) has a number of institutional investors including British International Investment plc (formerly known as CDC Group PLC), International Finance Corporation, NMI Frontier Fund KS, SIDBI, HDFC Life Insurance Company Limited, HDFC Ergo General Insurance Company Limited, ICICI Prudential Life Insurance Company Limited and Faering Capital India Evolving Fund.

### Financial inclusion and priority sector lending

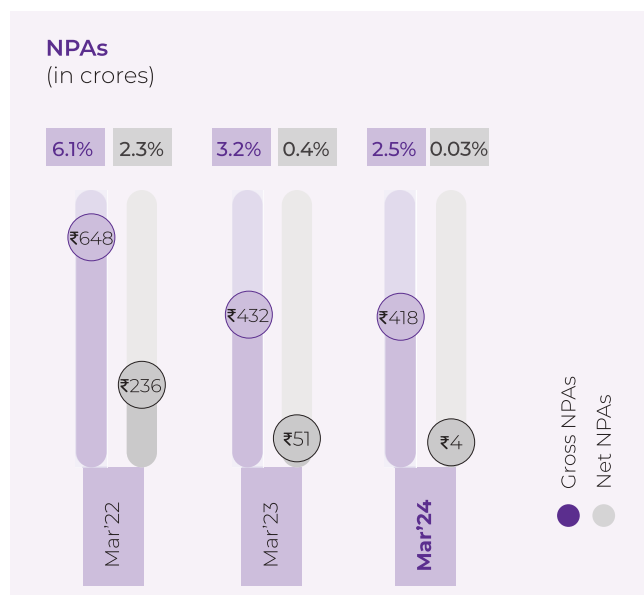
The Reserve Bank of India (RBI) has mandated a higher priority sector lending requirement for SFBs at 75% vs. 40% for universal banks. Owing to the Bank's legacy of serving under-banked population of the country and promoting financial inclusion, USFBL meets priority sector lending requirements comfortably while monetising surplus PSL portfolio through sale of Priority Sector Lending Certificate (PSLCs) or sale of surplus PSL portfolio through IBPC or portfolio sell-down.

On overall basis, after netting of PSLC sale / IBPC, the Bank's PSL achievement (basis quarterly average) stood at 86.78% during FY 2023-24, against the regulatory minimum requirement of 75%. On account of higher proportion of PSL as compared to the requirement of the RBI, the Bank has been able to sell the surplus PSL portfolio through Priority Sector Lending Certificate (PSLCs) to earn non-interest income for the Bank. During FY2023-24, the Bank earned PSLC income of ₹103.65 crore.

Furthermore, USFBL is comfortably placed on RBI's norms for SFBs to maintain loans with ticket size of up to ₹25 lakh, to be not less than 50% of the Bank's total loan portfolio.

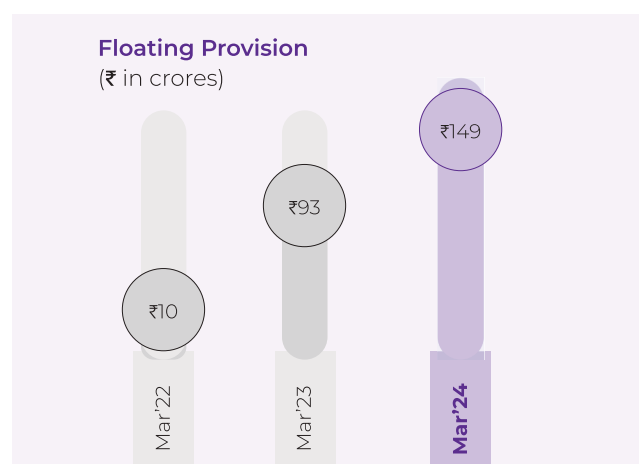
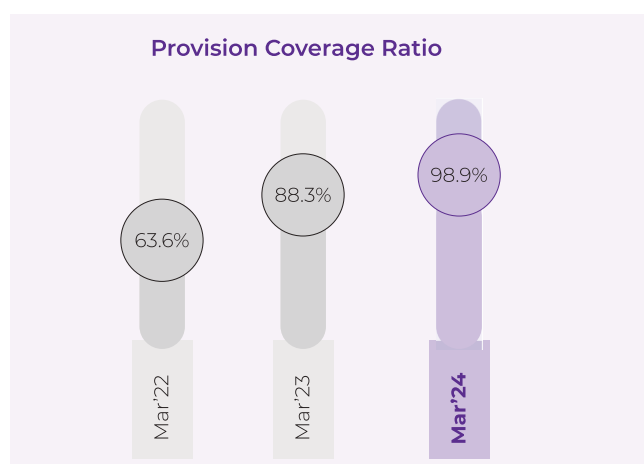
The Bank's lending to the ticket size of less than ₹25 lakh was at 72.2% of the gross loan portfolio as on March 31, 2024.

## Healthy Asset Quality



The Bank witnessed improvement in asset quality during FY2023-24. Bank's Gross NPA reduced from 3.23% during FY 2022-23 to 2.51% as on March 31, 2024. Bank's Net NPA decreased from 0.39% as on March 31, 2023 to 0.03% as on March 31, 2024. The Bank has strengthened collections team by adding more manpower as well as separate team for bucket wise and vertical wise collections. The Bank has also implemented EBIX collection application for better tracking of our collection efforts. These have strengthened Bank's collection efforts and are likely to support asset quality & collection efficiency.

During FY2023-24, the Bank has strengthened its provision cover by creating additional floating provision for its micro-banking loan book to mitigate against any unforeseen events or risks for micro-banking business. As a policy, the Bank has created floating provision equal to 1.5% of its opening JLG loan book, that is, ₹133 crore as of March 31, 2024. The Bank's provisioning policy aims to build adequate provision cover in normal times to absorb and mitigate any unknown events or risks for micro-banking business. On an overall basis, the Bank had provision coverage ratio of 98.92% as of March 31, 2024, against 88.29% for FY 2022-23.



Head of Consumer Banking and Head of operations engaged in a dialogue.

## Financial performance

The Bank has reported strong financial performance during FY 2023-24 as reflected in healthy business growth, highest ever annual operating profit (pre-provision) of ₹997 crore and highest ever annual PAT of ₹498 crore in FY 2023-24. Bank's capital + reserves increased from ₹2,000.32 crore as on March 31, 2023 to ₹2,973.19 crore as on March 31, 2024.

	(In ₹ crores)	
Key Performance Indicators (KPIs)	FY 2023-24	FY 2022-23
<b>OPERATIONS</b>		
Banking Outlets	888	830
Gross Loan Portfolio (₹ in crores)	18,299	13,957
Secured Advances as % of Gross Loan Portfolio	34.34%	31.06%
Total Deposits (₹ in crores)	17,473	13,710
CASA Ratio (%)	20.50%	20.89%
CASA + Retail Term Deposits (as % of Total Deposits) (%)	66.11%	61.55%
<b>CAPITAL</b>		
Capital + Reserves (i.e. Net Worth) (₹ in crores)	2,973	2,000
Total Capital Ratio (CRAR) (%)*	22.57%	20.64%
Tier 1 Capital Ratio (%)*	20.95%	18.25%
Cost of Deposits (%)	7.72%	6.86%
Cost of Funds (%)	7.80%	7.08%
<b>ASSET QUALITY</b>		
Gross NPA (%)	2.51%	3.23%
SMA 1 %	0.97%	0.77%
SMA 2 %	0.96%	0.70%
Provision Coverage Ratio (excl. Technical Write-offs) (%)	98.92%	88.29%
Standard Restructured Advances (%)	0.06%	0.22%
Net NPA (%)	0.03%	0.39%
<b>PROFITABILITY</b>		
Net Profit (₹ in crores)	498	405
Yield on Advances (%) (basis Gross Loan Portfolio)	19.01%	19.18%
Net Interest Margin (%)	9.44%	9.71%
Credit Cost Ratio (%)	2.20%	2.53%
Operating Expenses to Total Average Assets (%)	6.34%	6.00%
Cost to Income Ratio (%)	56.38%	54.15%
Return on Total Average Assets (%)	2.45%	2.45%
Return on Average Equity (%)	19.54%	22.91%
<b>OTHERS</b>		
Basic EPS	4.79	4.52
Net Asset Value per Equity Share	27.04	22.33

Ratios basis monthly average balances

\*Post effect of the proposed dividend for FY 2023-24, which has impacted CRAR & Tier 1 capital by ~43 bps



Head of Credit, Head of Risk and Head Micro Banking coming together to converse and collaborate.



## Income & Expenses

- The Net interest income (NII) of the Bank grew by 23.33% from ₹1,529.03 crore in FY 2022-23 to ₹1,885.80 crore in FY 2023-24. The growth in NII in FY 2023-24 was supported by healthy growth in business during FY 2023-24. Bank's NIMs declined marginally from 9.71% in FY 2022-23 to 9.44% in FY 2023-24 on account elevated interest rate environment and declining share of high yielding micro-banking loan portfolio.
- The Other income of the Bank witnessed a growth of 33.78% from ₹299.31 crore in FY 2022-23 to ₹400.40 crore in FY 2023-24 supported by healthy growth in processing fees, income from sale of PSLCs, higher income from cross-selling of third-party products, fee-based & transaction income and recovery from written-off accounts.
- The operating expenses of the Bank increased by 30.19% during FY 2023-24 primarily on account significant expansion in franchise (>200 new branches during FY 2022-23 & FY 2023-24). Cost-to-income ratio of the Bank remains comfortable at 56.38% in FY 2023-24.
- Pre-Provisioning Operating Profit (PPoP) of the Bank grew by 18.96% year-on-year to ₹997.27 crore in FY 2023-24 as compared to ₹838.32 crore in FY 2022-23.
- Overall credit cost was 2.2% for FY 2023-24. Credit cost included additional floating provision created during FY 2023-24, excluding floating provision credit cost was ~1.8% for FY 2023-24.

## Profit after Tax & Dividend

- Bank's profit after tax increased by 23% in FY 2023-24 to ₹498 crore in FY 2023-24 vs. ₹405 crore in FY 2022-23. The improvement in PAT is also on account of decline in credit cost, with improvement in asset quality, during FY 2023-24 vs. FY 2022-23. The Return on Average Assets (ROAA) was healthy at 2.45% during FY 2023-24 and return on equity was 19.54% in FY 2023-24.
- The Board of Directors (BoD), at its meeting held on April 26, 2024, has proposed a dividend of ₹0.50 per share for the year ended March 31, 2024 subject to approval of the shareholders at the ensuing Annual General Meeting.

## Credit-Deposits Ratio

- Bank's Credit-Deposits (CD) ratio declined from 95.3% as on Mar-23 to 93.7% as on Mar-24 and the Bank targets to reduce CD ratio further.

## NPA

- The Bank's Gross NPAs declined from 3.23% as on March 31, 2023 to 2.51% as of March 31, 2024. The Net NPAs improved from 0.39% as of March 31, 2023 to 0.03% as of March 31, 2024. The Bank is holding provisional coverage of 98.92% as of March 31, 2024.

## CRAR

- The Bank raised equity capital of ₹500 crore through its IPO in July 2023 by issuing 20 crore equity shares at ₹25 per share (including securities premium of ₹15 per share). As a result of capital raised through IPO exercise and with accretion of profits, Bank's capital plus reserves increased by 49% from ₹2,000 crore as on March 31, 2023 to ₹2,973 crore as on March 31, 2024 and provides capital to meet growth plans of the Bank.
- The Bank's Capital to Risk Weighted Asset Ratio (CRAR) stood at 22.57% as on March 31, 2024 compared to 20.64% as on March 31, 2023. Further, the Tier-I CRAR of the Bank stood at 20.95% as of March 31, 2024, compared to 18.25% as of March 31, 2023. Effect of the proposed dividend of ₹0.50 per share for FY 2023-24 has been reckoned in determining capital funds in the computation of capital adequacy ratios as at March 31, 2024.

Particulars	2023-24	2022-23
CRAR	22.57%	20.64%
Tier-I	20.95%	18.25%
Tier-II	1.62%	2.39%

## Credit ratings

The Bank's certificate of deposits programme is rated, at the highest credit rating grade, [ICRA] A1+ by ICRA Limited. As on March 31, 2024, the Bank's long-term subordinated bonds were rated at A+ (Stable) rating by ICRA and CARE Ratings. Bank's Long term credit rating were upgraded by one notch from A to A+ in FY 2023-24. The rating upgrade reflects improvement in asset quality and profitability profile of the Bank.

Rating Agency	Facilities	Credit rating
ICRA Limited	Certificate of Deposit	[ICRA] A1+
	Subordinated Debt Programme	[ICRA] A+ (Stable)
CARE Ratings	Long Term Tier II Bonds	CARE A+ (Stable)

## OUTLOOK

The reported year has been an excellent year for the Bank in terms of financial performance. The Bank has reported highest ever annual operating profit (pre-provisions) of ₹997 crore in FY 2023-24. Not only the Bank's loan portfolio and deposits registered healthy business growth, the Bank also witnessed improvement in asset quality. The Bank believes that there are significant growth opportunities available in the core operational geographies, owing to robust growth potential and relatively low financial penetration. USFBL aims to strengthen its franchise and improve its presence by exploring new geographies and offering relevant and suitable product offerings. While FY 2024-25 is expected to pose challenge with respect to elevated interest rate scenario and tighter liquidity environment, the Bank expects to maintain healthy business growth and profitability at healthy levels in FY 2024-25.

USFBL strives to be a retail-focused Bank, providing financial services to mass markets. The Bank intends to develop and offer a comprehensive suite of assets and liabilities products that will acquire new customers and strengthen the relationship with existing customers. USFBL is planning to augment the liabilities franchise further by expanding franchise, deepening relationship and targeting the top 100 districts of the country in terms of overall deposits, including tapping of metropolitan and urban areas by promoting savings accounts and other deposit products.

## Material Orders passed by the Regulators

There were no significant material orders passed by the Regulators, Court, Tribunal or any other legal institution during FY 2023-24, that can impact the growth of the organisation. However, during the FY 2023-24, Securities and Exchange Board of India (SEBI) vide their order dated September 20, 2023, imposed a monetary penalty of ₹1,00,000/- on the Bank in the matter of NCDs of ₹25 crore issue to Karvy Capital Limited. Also, vide SEBI's settlement order dated April 10, 2024, the Bank completed settlement proceedings with respect to LODR reporting non-compliance that took place prior to 2021 on payment of settlement amount of ₹1,24,23,600/- to SEBI on March 27, 2024.

## Internal Ombudsman (IO)

The Reserve Bank of India (RBI) institutionalised the Internal Ombudsman to strengthen the Internal Grievance redressal system of the Banks. Thus, IO plays a pivotal role in ensuring fair and impartial resolution of the grievances in a timely manner, minimising escalation of customers' grievances.

As per recently released "Master Direction – Reserve Bank of India (Internal Ombudsman for regulated entities) Directions, 2023", the RBI has undertaken review of Internal Ombudsman schemes in line with the integration of previous three RBI Ombudsman Schemes, with the objective to improve customer service standards in regulated entities. The framework reaffirms that the IO mechanism should work as envisaged and it shall be positioned as an independent, apex level authority on consumer grievance redressal within the regulated entities.

Furthermore, the IO has the right to access the Bank's records relating to the complaints received, seek detailed comments from the Bank with regard to the complaints, hold meetings with the functionaries and departments concerned while examining the complaint for redress. The Bank will furnish all records and documents sought by the IO to perform the process efficiently. Furthermore, in its endeavour to achieve fair, transparent and customer centric grievances redressal system, the Bank has synchronised its Internal Ombudsman mechanism with the Customer Relationship Management System.



### Grievances closed by IO in FY 2023-24:

No. of grievance received by the Bank during 2023-24	No. of cases rejected by Bank partly/fully during 2023-24	No. of cases reviewed by IO during 2023-24	No. of grievances closed by IO during 2023-24	No. of grievances outstanding as on March 31, 2024
7,166	242	242	242	0

### Disposal of grievances by Bank during FY 2023-24:

No. of grievances at the beginning of 2023-24	No. of grievances received by the Bank during 2023-24	No. of grievances disposed of by the Bank in 2023-24	No. of grievances outstanding as on March 31, 2024
238	7,166	7,332	72

### Credit function

The Credit Policy document seeks to provide information about the credit activities of the Bank. The Credit Policy of the Bank has been prepared with the broad objectives of adhering to the guidelines and policies enunciated by the RBI and other regulatory authorities with an endeavour to build a diversified asset portfolio and maintain a healthy mix across different categories of borrowers based on businesses, sectors, rating categories, products, geographies etc.

The policy also elaborates on financial products for Corporates, MSMEs, Rural, Agriculture and Micro Banking sectors. The Credit Department has different verticals such as Retail, Wholesale, Credit Administration (CAD), Wheels, MBBL and Credit Support.

The major objectives of the credit department include:

- Developing Credit and Risk management strategies for loans acquisition ensuring sustainable business growth & healthy portfolio
- Adopting a forward-looking and market responsive approach within the framework of policy guidelines, exploring new profitable areas of lending
- Embracing prudent monitoring framework on portfolio behaviour and asset quality
- Leveraging advanced technological tools for various credit appraisal and financial analysis and scorecard-based underwriting for retail lending
- Fulfilling responsible lending objectives
- Lending for sustenance of profitability, implying need to nurture superior credit appraisal skills through specialisation and competence building
- Adopting various smart technological tools such as "Perfious" tool for financial and banking analysis, "SaveRisk" and "Probe" tools for analysis of Companies' financials and other critical parameters history, "Hunter & Sherlock" tools for borrowers' adverse history enabling prudent due diligence, key lending decisions and optimisation
- Ensuring KYC norms are strictly followed and the borrowers are carefully selected after proper pre sanction scrutiny and monitoring the account constantly to maintain its quality
- Following strong credit risk management practices and higher standards of due diligence to protect and improve asset quality at both transaction and portfolio levels.
- Monitoring accounts with arrears and Special Mention Accounts (SMAs) to ensure that the accounts do not slip to Non-Performing Assets (NPA)

### Collection mechanism

The Bank has an in-house team for collections. It comprises of separate team for Mortgages, Wheels and Unsecured. Each of these verticals has zonal and regional teams to monitor over 175 feet on street (FOS) and control delinquencies. The field teams are well trained in the Bank's policies and Code of Conduct. The Bank's outsourced call centre calls and reminds customers in case of over-dues other than the JLG lending business.

The Bank also has an in-house legal team for the recovery of dues. From tele-calling, customer servicing, legal notices, repossession to auction of assets, the Bank follows a complete cycle. The Bank has recently implemented a Collection Management System which allows the FOS and regional teams to access their allocated customers on their App and upload meeting details on the App itself.

### Treasury

The Bank conducts its treasury business and operations from its Treasury office, located in Mumbai. The Treasury of the Bank operates on the principle of independent functioning and reporting amongst Dealing Desk, Settlement and Operations Team and Risk to ensure operational efficiency.

The Treasury monitors ALM (Asset and Liability Management) and LCR (Liquidity Coverage Ratio), ensuring adequate liquidity in the system to meet payment obligations and liquidity requirements arising out of asset growth through participation in money and security markets. The Treasury ensures compliance with various Regulatory and Management guidelines regarding liquidity management and investment activities that inter alia include Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR).

The Treasury is guided by the Board-approved Comprehensive Investment Policy and other Management Policies, optimising the yields of the investment portfolio and controlling the overall cost of funds for the Bank through an optimal mix of deposits.

The Treasury incorporates robust Business Continuity Plans (BCP) and periodically conducts business from alternate locations as part of BCP.

### Risk Management

Risk Management plays a crucial role in the Banks' strategic planning, ensuring proper collaboration and non-biased decision making.

The ability of the risk management to manage multiple risk types while preparing for new regulations and complying with current ones, makes it a valuable addition to financial institutions.



Risks can be primarily classified into Credit Risk, Market and Liquidity Risk, Operational Risk, IT and Cyber Security Risk and other risks. The Bank has adopted a structured approach for risk management to identify, assess, monitor, mitigate and manage risks through the effective use of people, processes, data and technology. The Bank ensures that the leading officials are suitably qualified, experienced and well trained.



The risk management philosophy and approach are designed to protect depositors', customers', employees and other stakeholders' interests and protect the Bank's reputation. As part of prudent Risk Management, the employees of the Bank are being appraised at regular intervals about the dynamic risks associated within the Bank. The various modes by which Risk culture is promoted in the Bank are mandatory induction, refresher and weekly training / Risk related workshops.

The Bank has constituted a Risk Management Committee of the Board (RMCB) to supervise the entire risk management framework of the Bank. RMC meets on a periodic basis to discuss and mitigate risks. Additionally, the Bank also has various Senior Management Level Risk Committees, such as Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC), Asset Liability and Market Risk Committee (ALCO) and Information Security related Committee. Furthermore, the Internal Capital Adequacy Assessment Process (ICAAP) of the Bank assesses all the significant risks associated with various businesses.






Bank has appointed a senior officer as Chief Risk Officer (CRO) of the Bank, who is responsible for managing various risk verticals such as Credit Risk, Market and Liquidity Risk, Operational Risk, Information Security Risk, and other Risks under the aegis of the Board approved risk management policies. The CRO interacts regularly with the RMCB Members and updates the committee about various developments and issues.

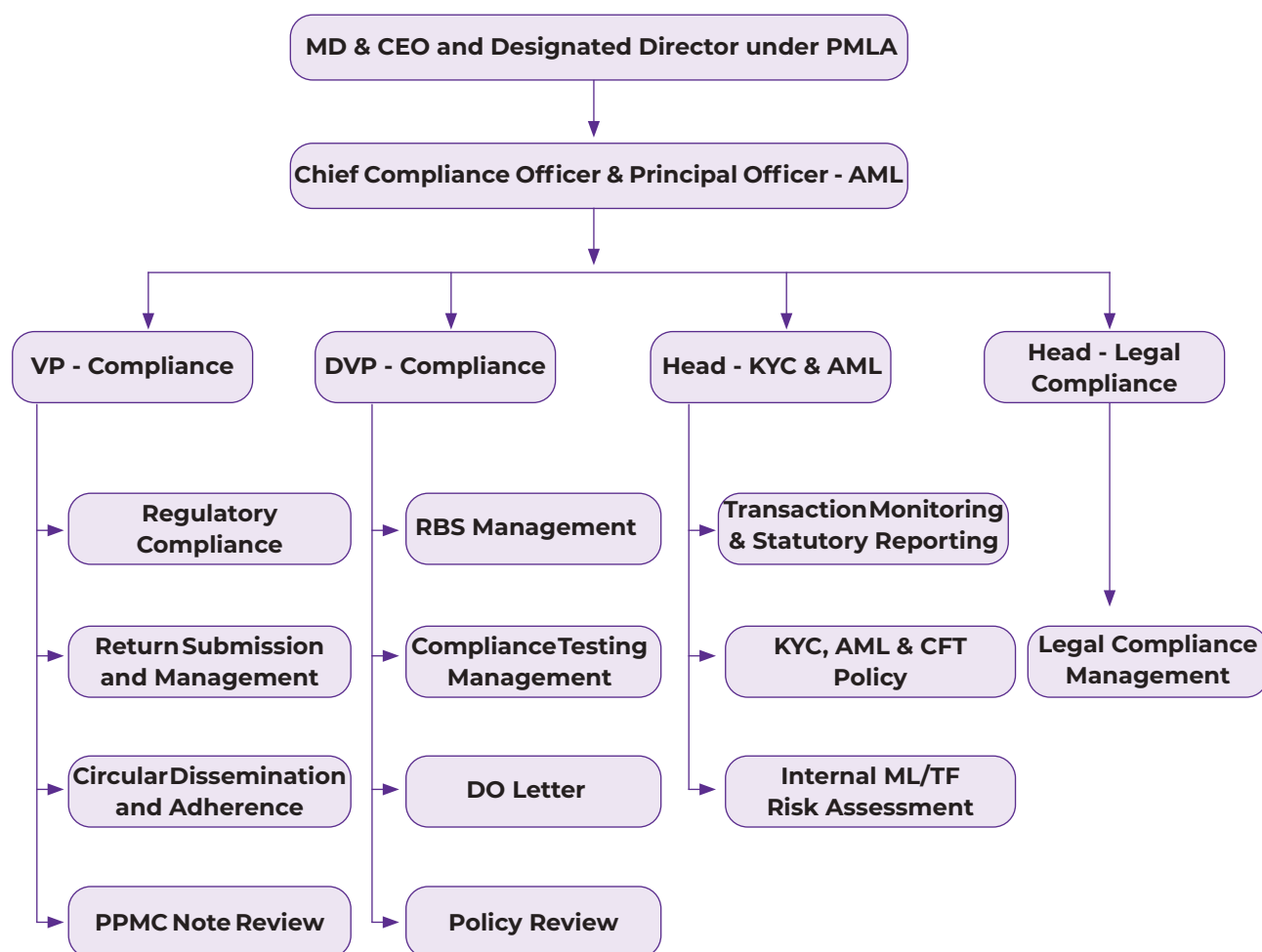
Risk	Impact	Mitigants
 <p><b>Credit Risk</b></p>	<p>The Bank defines credit risk as the risk of loss associated with a borrower or counterparty default (failure to meet obligations in accordance with agreed- upon terms). Credit risk can adversely impact both the Bank's revenue and margins.</p>	<p>Credit Risk Management Committee (CRMC) oversees and reviews the Credit Risk. It is responsible for monitoring prudential limits on large credit exposures and portfolio concentration, portfolio management, loan review mechanism, risk concentration, monitoring and evaluation, provisioning, regulatory and other issues around it.</p> <p>The Bank has laid down various limits through Credit Risk policies to control the magnitude of credit risk. Portfolio review and monitoring are carried out through Early Warning Framework and Close monitoring of High Value Customers.</p> <p>Credit Risk Management Committee follows the following approach:</p> <ul style="list-style-type: none"> <li>• Adherence to the guidelines and policies related to credit, credit risk and NPA management as issued by the Reserve Bank of India (RBI) from time to time</li> <li>• Establishing a governance framework to establish an effective oversight, segregation of duties, monitoring and management of Credit Risk in the Bank</li> <li>• Setting up and monitoring of the credit and credit risk appetite and limits and taking suitable action in case of any report of breaches</li> <li>• Setting the framework for identification and monitoring of Early warning signals and Red flag accounts</li> <li>• Enhance use of structured internal and external data for taking informed decisions and usage of score cards for various decisioning</li> <li>• Undertaking stress testing and take suitable action based on results</li> <li>• Monitoring various global and domestic developments, analysing industry trends and issuing guidelines and directions</li> </ul>
 <p><b>Market Risk</b></p>	<p>Risks arising from the movement in market prices might impact the revenue generation ability of the Bank.</p>	<p>Both the investment committee and the asset-liability management committee of the Bank are tasked with supervision of the investment and market risk. They approve the framework for market risk and its thresholds. The mid-office prepares and analyses daily reports on various activities of the Bank's treasury and monitors the various limits including stop losses.</p> <p>A comprehensive market and liquidity risk dashboard is circulated to Senior Management at monthly intervals. The dashboard comprises of all the relevant information related to investment portfolio, liquidity position, depositors and borrowing, enabling improved and informed decision-making by the Senior Management.</p>

Risk	Impact	Mitigants
 <p><b>Operational risk</b></p>	<p>Inadequate or failed internal processes, people and systems might have an adverse impact on the profitability of the business.</p>	<p>The Operational Risk Management Committee (ORMC) is responsible for the implementation of the Bank's Operational Risk Management framework. All the new products and processes, as well as changes in the existing products and processes are subjected to risk evaluation by the ORM team.</p> <p>Considering the enhanced risk in outsourcing outlined by the regulator, Risk Management Function has been augmented with a structured Third-party Risk Management (TPRM) framework to oversee and review the risks associated with outsourcing of Third-party onboarding and Risk Assessment of Third party classified under outsourcing of Information Technology and Financial services.</p> <p>The Bank also has a well established Business Continuity Plan (BCP) framework which has been put in place to ensure continuity of service to its large customer base. The effectiveness of the approved Business Continuity Plan (BCP) framework is tested for all identified critical units to ensure readiness to meet various contingency scenarios and take corrective actions wherever any issues are observed. The Bank has smoothly managed to run its operations by adapting to various continuity plans.</p> <p>Bank has enhanced the BCP standards to ISO 22301 in the FY 2023-24.</p>
 <p><b>Fraud Risk</b></p>	<p>Fraud risks comprise cyber threats, scam, processing errors and document mishandling, among others, affecting the goodwill and the revenue generation of the Bank.</p>	<p>The Bank has set up a Fraud Risk Management (FRM) department as an independent group in the Bank to enable fraud prevention, monitoring, investigation, reporting and awareness creation. Further, the Bank also has a dedicated Risk Containment Unit (RCU) within FRM Department, which is tasked with reviewing the loan and liabilities applications as part of screening and sampling (S&amp;S) activity.</p> <p>Under S&amp;S activity, the submitted KYC documents are reviewed to ascertain any inconsistency or manipulation in those documents or information submitted to the bank for taking timely preventive and corrective actions. The Bank is also taking help of industry fraud data for online checks via 'Hunter / Sherlock' system on the data shared by the common user group of Banks/NBFC, ensuring improved scrutiny of assets and liabilities applications.</p> <p>Furthermore, the Bank is using the EFRM system of NPCI and Inline Fraud Risk Management (IFRM) tool for monitoring the UPI transactions and other suspicious digital payment transactions across all channels except CIB, respectively.</p>



Risk	Impact	Mitigants
 <b>IT Risk</b>	<p>The risks associated with the increasing adoption of technology include the non-availability of systems and processes, resulting in business loss from both unintentional (faulty use) and intentional (cyber frauds) events.</p>	<p>To ensure efficient management of IT risk, confidentiality and integrity of business and customer information, the Bank has implemented security controls in accordance with the RBI cybersecurity framework. Regular security monitoring is in place and the Bank follows the regulatory guidelines issued from time to time.</p> <p>To ensure business continuity while maintaining security, controls like VPN (with multi-factor authentication), BCP and incident response plans are in place for handling both operational and security risks.</p>
 <b>Liquidity Risk</b>	<p>An asset-liability mismatch might result in liquidity risk for the Bank, which would result in raising fresh liabilities at a higher-cost or liquidating assets at a higher discount rate, thus, impacting the margins of the Bank.</p>	<p>The Asset Liability Management (ALM) Policy of the Bank stipulates a broad framework for liquidity risk management to ensure that the Bank is in a position to meet its liquidity obligations as well as to withstand a period of liquidity stress from bank-level factors, market-wide factors or a combination of both.</p> <p>The liquidity profile of the Bank is monitored on a static as well as on a dynamic basis by using the monitoring of key liquidity ratios and conduct of liquidity stress tests periodically. Periodical liquidity positions and liquidity stress results are reviewed by the Bank's ALCO and the Risk Management Committee of the Board.</p> <p>The Bank has set prudential internal limits in addition to regulatory limits on liquidity gaps, borrowings, deposits and placements, among others.</p> <p>The Bank maintains LCR/NSFR in accordance with the RBI guidelines and within the defined risk appetite of the Bank.</p>
 <b>Cyber Risk</b>	<p>As the Bank is interconnected within and, outside to the internet having complex structure of the people, process, and technology such as the delivery channels, cloud, partners, remote workers, the Bank is prone to cyber breaches such as MITM attacks, DDoS attacks, Ransomware, etc., resulting in financial loss, loss of data and reputational loss.</p>	<p>The Bank has created an effective and efficient process in line with RBI directions and guidelines to enhance the cybersecurity posture of the Bank.</p> <p>In line with the RBI requirements, the Bank has Cybersecurity Policy, Cyber Crisis Management Plan (CCMP) and Information Security Policies in place approved by the Board. A Governance and Management process has been established, with the applicable roles and responsibilities to ensure policies are implemented, maintained, assessed and improved periodically.</p> <p>Cybersecurity Incident Response Team (CSIRT) and Cyber Crisis Management Team (CCMT) are constituted as prescribed under the Cyber Crisis Management Plan (CCMP). Security Operations Centre (SOC) is active on 24x7 basis for real-time monitoring and protection of the Bank's assets.</p> <p>Bank has complied with Baseline Cybersecurity Resilience requirements of RBI. It has also implemented defence in-depth security at perimeter, network, application, data and physical layers. Cybersecurity awareness program is in place for customers, employees and partners. Furthermore, cyber risk insurance coverage is also in place for the Bank as a fallback against the risks of cyber incidents.</p> <p>Bank is ISO 27001:2013 certified. USFBL has received awards from IBA for better Cyber Risk Management consecutively for the past two years.</p>

## Compliance Architecture



### Process framework within the compliance department

The Bank's Compliance Department consists of Regulatory Compliance, AML Compliance and Legal Compliances. The Compliance Department has an established process of dissemination of guidelines or circulars released by various regulators, review of policies and tracking creation of new policies by the stakeholders, tracking timely submission of returns to regulatory authorities, correspondence with regulatory authorities, transactional alerts monitoring, drafting and vetting of agreements and advising various internal stakeholders on legal Compliances matter. This helps the Bank to ensure effective compliances with policies, regulatory guidelines, and applicable legal framework and action points as per the Regulator's expectations.

Following is the key process framework of Compliance Department:

- Circular management process
- Returns management process
- Policy management process.
- AML/ Transaction monitoring process under PMLA 2002.
- Compliance risk assessment framework (compliance testing) Risk-Based Supervision (RBS) data management
- Legal Compliances & advisory management



### **Circular management process**

All Scheduled Commercial Banks (SCBs) in India are required to adhere to various guidelines issued by the RBI and various other regulators from time to time. The Bank's compliance department has institutionalized a well-defined circular management process that inter alia covers the dissemination and tracking of the circulars, till implementation.

### **Returns management process**

All SCBs in India are required to submit various returns to RBI and other regulators at periodic intervals as directed by the regulators. The Bank's compliance department has institutionalized a robust returns management process to ensure timely submission of such returns.

### **Policy, management process**

The compliance department of the Bank maintains the repository of all policies approved by the Board. To ensure transparency, all departments of the Bank, while reviewing any existing policy or drafting any new policy, seek views from the compliance & legal department, before seeking approval of the Board of Directors. The compliance department tracks the policy review process and ensures that all the policies are reviewed and approved by the Board of Directors within the prescribed timelines.

### **AML/Transaction monitoring process under PMLA 2002.**

The AML cell of the compliance department is responsible to supervise the adherence to the prescribed guidelines with respect to transaction monitoring and statutory reporting under the Prevention of Money Laundering Act (PMLA) to Financial Intelligence Unit – India (FIU IND).

### **Compliance risk assessment framework**

The compliance risk assessment framework of the Bank helps in the assessment of its compliance risk through compliance testing. Under this testing, the compliance department tests the efficiency of controls available in various departments, products and services towards adherence to regulatory requirements and recommends measures to plug the gaps, if any, in the existing controls.

### **Risk-Based Supervision (RBS) data management.**

In addition to the submission of regulatory returns and ad hoc returns to RBI and other regulatory / statutory authorities, the Bank is subjected to RBI inspection at defined periodicity. Submission of data elements under Risk-Based Supervision and interface with the onsite RBI Inspection team is the responsibility of compliance department. Additionally, the Bank is also subjected to regulation and supervision by other authorities like UIDAI / IRDAI / SEBI / FIU IND etc. for various activities undertaken. Compliance Department acts as the interface and the SPOC, representing the Bank vis-à-vis these authorities for any requirements.

### **Legal Compliances management**

The legal Compliances management process is having advisory role, addressing queries related to the following:

- Clarification on branch operation queries such as - account opening, drafting and vetting of letters and replies to customers, replies to be filed before Banking Ombudsman, courts and tribunals, and drafting and vetting of draft FIRs to police authorities. Legal interpretation of the Circulars issued by the various regulators.
- Advising on issues related to disciplinary proceedings against employees, replies to notices issued by Labour Authorities pertaining to HR issues etc.
- Drafting of notices pertaining to Collections, vetting of submissions on behalf of the Bank in cases filed against the Bank, opinions in respect of recovery measures to be taken / proposed way forward in cases filed against the Bank, actions to be taken under arbitration, proceedings under SARFAESI Act, etc.
- Drafting and vetting of agreements and supplementary agreements (Non-disclosure agreement, service level agreement, purchase order and other administrative agreements) including advising on the adequacy of stamp duty / execution thereof
- Advising on issues relating to title investigation reports prepared by empaneled advocates .
- Empanelment of advocates and conducting Legal Audit

In addition to the interaction with the regulators, the compliance department periodically apprises the Bank's management, Board of Directors, and Board Committees on the changes in the regulatory environment and the status of compliance thereof in the Bank. Necessary steps have been initiated towards cultivating and building a strong compliance culture within the Bank through the Integrated Compliance Department.

## AUDIT AND INTERNAL CONTROL SYSTEMS

The Bank's Internal Audit Function, as the 3rd line of defense, independently carries out the evaluation of the adequacy and effectiveness of internal controls, information security controls, risk management and processes on an ongoing basis to provide assurance that the policies, regulations, and internal standards defined for management of the various risk are operating effectively.

In congruence with the Reserve Bank of India's Guidelines on Risk Based Internal Audit (RBIA), the Bank has adopted a robust Internal Audit Policy and the Internal Audit Function undertakes a comprehensive Risk Based Audit of operating units. The audit policy adopted the standards of IIA (Institute of Internal Auditors) to make the function more prudent, future-ready and effective. A Risk Based Audit Plan is drawn up on the basis of risk profiling of the auditee units and an audit of operating units is undertaken at a frequency synchronized to the risk profile of each audit unit in line with the guidelines relating to Risk Based Internal Audit (RBIA) of Reserve Bank of India (RBI). Internal Audit Function has also incorporated Quality Assurance and Improvement Program (QAIP) to improve quality of audit and audit reporting through continuous feedback and training mechanism.

To strengthen Internal Audit Function, the concurrent and off-site audits have been integrated into the internal audit process to achieve incessant real-time supervision and control. The Audit department has got an Audit application which helps in planning, executing, reporting audits and storage of audit documents. In line with the technology adoption and digitization of Bank, the audit team is progressing towards the increasing use of Computer Aided Audit Tools (CAAT) to add value and bring more efficiency and effectiveness to the audit process. To cite an example, IDEA tool is being used for conducting various offsite audits. The Internal Audit function proactively recommends improvements in Operational Process, System Controls and Service Quality from time to time, wherever deemed fit.

To safeguard independence, Head – Internal Audit functionally reports to the Chairman, Audit Committee of the Board (ACB), and for administrative purposes, reports to the Managing Director & CEO. Under helm of the Head of Internal Audit, the bank's Internal Audit Team of 196 skilled & experienced professionals are led by 5 National Audit Managers, including a dedicated Information Security Audit team with CISA qualified members. Internal Audit Function also has a dedicated Data Analytics team who help the auditors in generating exception reports directly from the source. Internal Audit Department works under the guidance of Audit Committee of the Board (ACB) which reviews the efficacy of the Internal Audit Department, the effectiveness of controls laid down by the Bank and compliance with internal & regulatory guidelines, thus ensuring the alignment with the Best Practices on corporate governance.

## VIGILANCE MECHANISM

The Bank's Vigilance and Security Department play a multi-dimensional role in the Bank. The department investigates all types of internal fraud cases such as corruption, cash misappropriation as well as external fraud cases such as cash snatching, theft, robbery, dacoity, untoward incidents and policy and procedural violation cases including whistle blower complaints.

All investigations are reported directly to the Bank's HR department for initiating suitable disciplinary action once upon categorising into 'vigilance' or 'non-vigilance' angle.

The Vigilance department imparts periodical training to the bank officials on vigilance awareness, surveillance, safety and security of the Bank's assets. The department also does surprise visits to branches to facilitate preventive vigilance.

The Bank's Vigilance Tele calling team contacts to receive feedback on its vigilance measures. The Bank also work closely with police department and other related government departments. Furthermore, USFBL issue timely reminders on vigilance and security awareness. In cases of security issues, the team files police reports and send to concerned business teams for filing criminal cases against the guilty.

## INFORMATION TECHNOLOGY (IT)

In today's banking landscape, customers expect enhanced digital experience and availability of secured systems as per their convenience. To meet this expectation, the Bank's Information Technology group is constantly pushing themselves to provide a compelling value proposition while maintaining human touch through its branch banking solutions. The Bank has effectively harnessed the power of technology with new age techniques to scale its services and offerings.

Structurally, Change the Bank, Run the Bank, IT Infrastructure support and management, Data Governance and MIS, along with centralised IT governance team under Chief Information Officer (CIO) of the Bank, forms Information Technology Group of the Bank. The IT Group is aligned with control groups of the Bank, Information Security, Audit, Compliance and Risk Management, to ensure IT compliance.

To maintain the skill of the IT Group, the Bank has an internal training initiative named 'Tech Guru' to promote digital learning. This is to ensure the members are abreast with the latest industry trends and technologies.

During this financial year, the Bank has taken significant strides towards paperless banking and cash less loan repayment. With the e-sign implementation, the Bank has enhanced customer experience by significantly improving convenience. Additionally, the cash less repayment through QR code or through bill desk UPI are value-added proposition for the customers. The Bank has also enabled Lead Management Systems (LeMS) application to handle sales leads. It has also introduced digital platform via salesforce to setup assisted journeys in personal loan product. While collaborating with FinTech partners, the Bank has also automated its FD journeys for sales.

To improve the integration and monitoring capability with Fintech partners the Bank has implemented open banking API gateway. Customer onboarding Tablet solution caters to current account and fixed deposit customers. The Bank is also utilising Robotic Process Automation (RPA) to automate repetitive human tasks with the help of software robot.

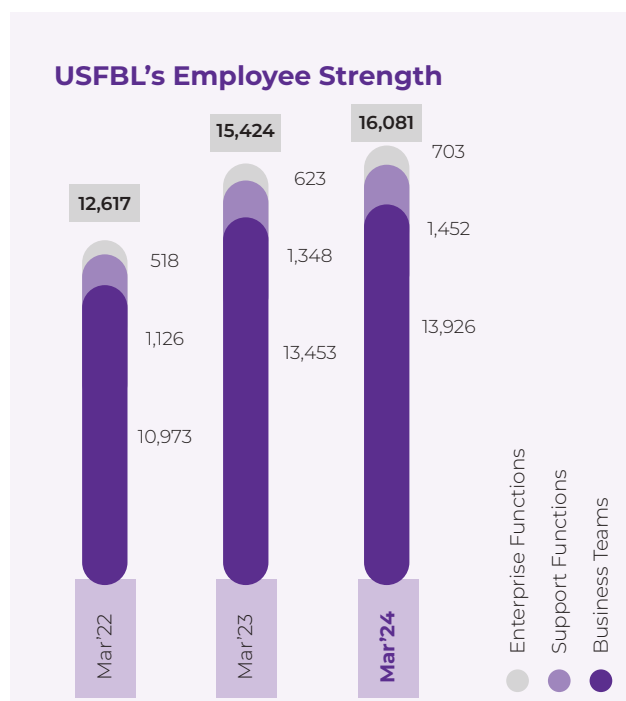
To scaleup availability of our IT infrastructure, the Bank has upgraded the data centre and network with latest hardware. Applications such as Automated Data Flow (ADF) and Centralized Information Management System (CIMS) and FinNet 2.0, to ensure that regulator expectations are met.

The increasing volume of digital transactions requires the Bank to ensure availability and scalability of systems. Also, the Bank ensures that the organisation is equipped with robust IT applications and sustainable resources to withstand increasing demand and meet the varied customer expectations. The need to digitally innovate has provided an opportunity for the Bank to differentiate offerings. Therefore, the Bank has initiated Technology Transformation Project (AbhiVridhi), which work towards redesigning of process and technology. While the blueprint of transformation journey has already been completed, the Bank is currently working on the 'Design' phase of business processes, vendor assessment and finalisation.

During this financial year, the Bank's efforts have been recognised by Indian Banks Association (IBA) with Best Tech Talent & Organization category in the Small Finance Bank segment during Technology awards in January 2024

## HUMAN RESOURCES AND TRAINING

The Bank recognises the importance of its workforce and strives to cultivate a collaborative and inclusive work environment, encouraging the employees to pursue excellence in their daily endeavours. The Bank understands that the highest potential of an employee can only be achieved when they feel connected to the purpose of the bank, align with the vision of the leaders and have a sense of belonging.



As on March 31, 2024, the employee strength of the Bank grew to 16,081 employees.

The Bank aims to provide continuous opportunities for growth and development of the employees. USFBL has an induction program, named 'Utkarsh Aarambh' that enables the newcomers to understand the Bank's vision, mission, values and culture and instill a sense of purpose, belonging and alignment. The program also provides the required information, resources and support and help them adapt, understand their role and become productive members of the team.

All employees are provided with ample learning opportunities to strengthen their knowledge and skills on various aspects related to their role and career development. These programmes, 'Utkarsh Pragati', 'Utkarsh Udaan', 'Utkarsh Saksham' and 'Utkarsh Manthan', encompass a range of programs on product and processes, compliance and regulatory aspects, skills development, career progression and leadership development.

As part of Talent Management, senior management participated in Self-Profiler session and a 360 Degree Feedback session. USFBL created a talent pool comprising of high-potential employees. Furthermore, the management identified employees who could be probable successors in the next few years and proper development initiatives are provided to them. The CEO Mentoring Club handpicks employees and gets personally groomed by the MD and CEO by engaging them in various projects.

In the reported year, the Bank partnered with IPB and Baddi University to launch the Probationary Officer Program with an initial batch of 40 students. The programme is customised to Bank's needs and guarantees a pool of well-trained talent who will be job ready. These probationary officers will be onboarded as first-level supervisors once they successfully complete their programme.

The Bank has also introduced "Judiye Utkarsh ke Max Padonnanti Program se" (JUMPP) which provides employees the opportunity to climb the success ladder in a shorter span by partnering with the business team. USFBL has initiated the fast-track career progression plan for the Sales Staff (Sales Officers) who have completed six months in the Bank or six months has passed from their last promotion date. The Bank has also enrolled under the National Apprenticeship Promotion Scheme (NAPS) and National Apprenticeship Training Scheme (NATS).

### CAUTIONARY STATEMENT

Statements included in this MD&A describing the Bank's priorities, forecasts, predictions, general market conditions, expectations, etc., can constitute 'forward-looking statements' within the scope of applicable legislation. Such factors and uncertainties include, but are not limited to, the Bank's ability to execute plans for development and expansion, variation between anticipated and actual non-performing advances, credit loss reserve, technological change, investment income and various risk profiles.



# Basel Disclosures

# Basel III – Pillar 3 Disclosures as on Mar 31, 2024

Utkarsh Small Finance Bank Limited (hereafter referred as the “Bank” or “USFBL”), is a wholly owned subsidiary promoted by Utkarsh Core Invest Limited (formerly known as Utkarsh Micro Finance Limited) incorporated on April 30, 2016 under the provision of the Companies Act, 2013. The Bank is licensed by the Reserve Bank of India to operate as a Small Finance Bank under the Banking Regulation Act, 1949 on November 25, 2016. As per the Business Transfer Agreement, the entire balance sheet of Utkarsh Micro Finance Ltd. (now known as Utkarsh Core Invest Limited) was transferred to Utkarsh Small Finance Bank Limited as at the close of business on January 21, 2017. Subsequently, banking operations commenced on January 23, 2017, with the opening of five branches in Delhi, Patna, Nagpur, and Varanasi. The Bank has entered its 6th year of business operations. It was included in the second schedule of the RBI Act, 1934 vide notification dated November 16, 2017 and was accorded the status of a Scheduled Commercial Bank.

The Bank aims to provide affordable & accessible banking services which are process centric, technology enabled, and people oriented resulting in reliable, scalable and sustainable institution facilitating socioeconomic change. The purpose is to provide banking products to the unserved and underserved sections of the country, which includes small and marginal farmers, micro and small industries, and other organized sector entities, at an affordable cost.

USFBL has prepared this disclosure document in compliance with the directions of Reserve Bank of India (RBI) vide its circular RBI/2015-16/58 DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015. The document provides a review of key observations pertaining to the Bank's capital adequacy, credit quality, key business highlights and a review of its key risks as of 31st Mar, 2024.

## I. Disclosure Framework (DF) – 1: Scope of Application

The framework of disclosures applies to USFBL. The Bank does not have any subsidiary, nor does it have any interest in any insurance entity. All the information in this document is made as a standalone entity.

## II. DF – 2: Capital Adequacy

### 1) Qualitative Disclosure:

- a) The Bank is subject to the capital adequacy framework as per the “Operating Guidelines for Small Finance Bank” from Reserve Bank of India (RBI). As per capital adequacy framework, the Bank is required to maintain a minimum Capital to Risk Weighted Assets (CRAR) of 15% with minimum Tier I capital as 7.5%. As of now, capital conservation buffer and counter cyclical buffer are not applicable for Small Finance Banks (SFBs).

For the purpose of capital adequacy, only credit risk is covered since there is no separate capital charge prescribed for market risk and operational risk as per the direction of RBI. For computation of capital for credit risk of SFBs, RBI has prescribed Basel II Standardized Approach and has permitted the use of external rating-based risk weights for rated exposure and regulatory retail approach for small retail loans.

- Credit Risk (Standardized Approach)
- Market Risk (Standardized Approach)
- Operational Risk (Basic Indicator Approach)

For better assessment of the capital, the Bank is having Internal Capital Adequacy Assessment Process (ICAAP) with Simplified Approach, considering its nature, scope, geographic spread, complexity, and quantum of operations. Our risk management practices are in line with the required degree of supervision for a Small Finance Bank.

The Bank's ICAAP focuses to ensure that the Bank has sufficient capital to support all the risks inherent to its business and an adequate capital buffer based on the business profile to cover future unforeseen risks upto a certain degree. The change in the level of credit risk, market risk and interest rate risk along with the changes in on- balance sheet and off- balance sheet exposures are assessed under different stress scenarios by the Bank to have better assessment of the capital requirement.



## 2) Quantitative Disclosure

Capital required for Credit Risk given below is arrived at after multiplying the risk-weighted assets by 15%.

Sl. No.	Particulars	Amount as on 31st Mar 2024
<b>(b)</b>	<b>Capital Requirement for Credit Risk:</b>	
	Portfolios subject to Standardized Approach	1,949.05
	Securitization exposures	-
<b>(c)</b>	<b>Capital Requirement for Market Risk:</b>	
	Standardised duration approach	
	i) Interest Rate Risk	-
	ii) Foreign exchange Risk (including Gold)	-
	iii) Equity Risk	-
<b>(d)</b>	<b>Capital Requirement for Operational Risk:</b>	
	Basic Indicator Approach	-
<b>(e)</b>	<b>Total Capital Requirement (b+c+d)</b>	<b>1,949.05</b>
<b>(f)</b>	<b>Total Risk Weighted Assets</b>	<b>12,993.69</b>
<b>(g)</b>	<b>Total Capital Fund</b>	<b>2,932.50</b>
<b>(h)</b>	<b>Capital Adequacy Ratio</b>	
	Common Equity Tier-1	20.95%
	Tier-1	20.95%
	Tier-2	1.62%
<b>(i)</b>	<b>Total CRAR</b>	<b>22.57%</b>

## 3) Risk Exposure and Assessment

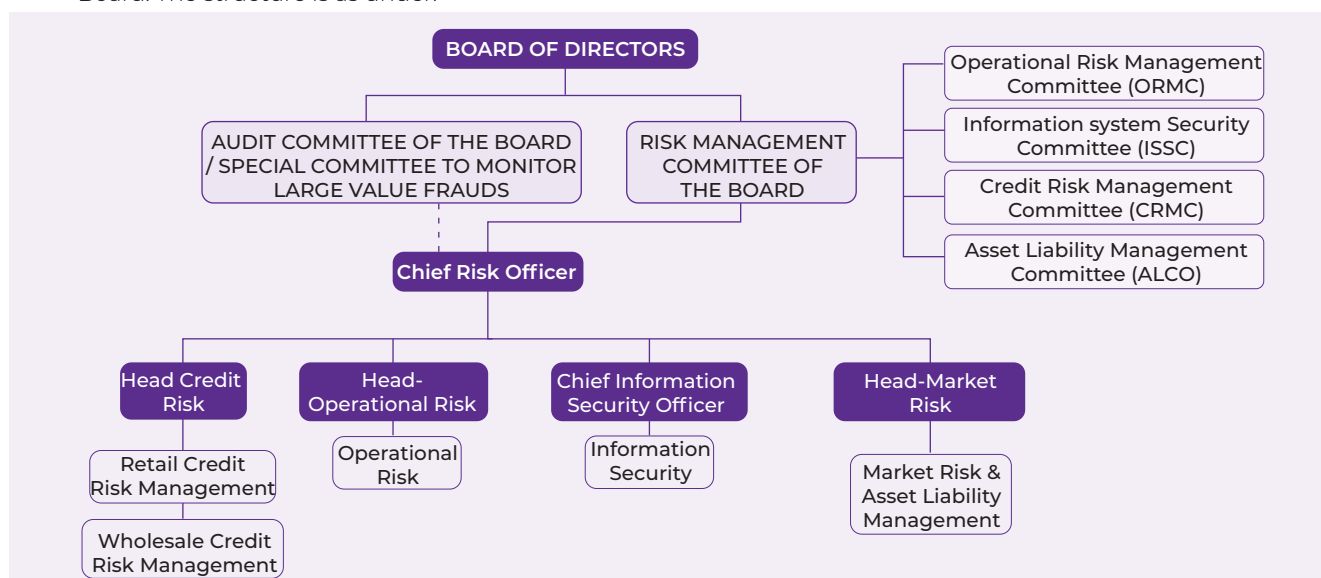
The Bank is exposed to certain broad risks, which are being monitored and mitigated on an ongoing basis. Credit Risk, Operational Risk, Information Security and Market & Liquidity Risk are the Risks that are being monitored based on Board Approved policies of the Bank. These are reviewed at annual intervals or based on certain key ad hoc changes in between the annual frequency.

## 4) Risk Governance Model

The Bank has developed a system to manage & control various risks across the Business Verticals. Under this model, Business Verticals are made aware of the level of Risk to be taken, management of these Risks and taking Bankable risks. Risk Department of the Bank has a well-defined policy framework, which makes the analysis impactful for monitoring, and the reporting standardized. Internal Audit team also provides an impartial assessment of the process followed by all departments including Risk department under the Risk Control Self-Assessment exercise.

## 5) Risk Governance Framework

The Bank has a well-defined and approved reporting structure of Risk related agenda items to the Bank's Board. The structure is as under: -



## 6) Governance Committees

The Role and Responsibilities w.r.t Risk Management Framework of the Bank of various committees & board are as under: -

- i. **Board of Directors-** the Board of Directors ("the Board") is the ultimate authority in the Bank to lay down the policies. The Board can however form committees to oversee the risk management processes, procedures and systems in the Bank.
- ii. **Risk Management Committee of Board (RMC)-** The Risk Management Committee of the Board will be a Board level sub-committee including MD & CEO. The primary role of the Committee is to report to the Board and provide appropriate advice and recommendations on matters relevant to Risk Management. The Role of RMC is enlisted as under:
  - Overseeing Credit Risk Management and obtaining assurance that the principal credit risks facing the Bank have been identified and are being appropriately managed.
  - Approving and periodic review of the Bank's overall risk appetite and setting limits for individual risks such as credit, market, operational and liquidity, before submission to the Board.
  - Approving credit risk management and measurement policies and guidelines before submission to the Board
  - Determining prudential limits for individual, group, portfolio, or other exposures of the Bank, within the ceilings fixed by RBI and the Board
  - Monitoring the Bank's risk profile, including risk trends and concentrations, loan impairment experience and key performance indicators for risk
  - Approval of new Credit Risk Assessment (CRA) system and classification as acceptable and unacceptable category and periodic changes needed to such classification.
  - Assessing effectiveness and performance of rating system validation and approving the results before model is used or a part of model validation exercise.
  - Reviewing industry/sector/portfolio view of the Bank
  - Approving product-pricing strategy for advances
  - Ensuring balance sheet and capital adequacy management with due regard to various risks impacting the balance sheet
  - Reviewing and approving the Internal Capital Adequacy Assessment Process (ICAAP) document at least on a yearly basis
  - Deciding appropriate MIS system and framework for risk management.
  - Approve credit risk limits at the Bank level for various portfolios such as industry, product, geography, risk types etc., which include approval of material changes to credit risk limits.
  - Discuss the findings of the Audit Committee of the Board (ACB) and issue directions for corrective actions.
  - Approve results of credit risk stress tests
  - Identification, evaluation, and mitigation of all risks applicable to the Bank, including operational risk.
  - Approving the Operational Risk policies and proposed framework modifications and recommending it to the Board
  - Overseeing the activities, annual review, and independent reviews of the ORMC
  - Ensuring coverage of Internal Audit oversight over implementation
  - Ensure that adequate policies are in place to manage and mitigate Market Risk



- Evaluate the adequacy of the Bank's Market Risk management systems with management, internal and external auditors, and ensure adherence to Regulatory guidelines.
- iii. Audit Committee of the Board-** Audit shall provide an independent assurance to the Board through Audit Committee on the effectiveness of implementation of risk management framework, including the overall adequacy of the internal control system and the risk control function and compliance with internal policies and procedures. Responsibilities of the Internal Audit Department include:
- Annual review of the processes and controls related to rating system design and operations.
  - Review on an annual basis that validation processes are implemented as designed, validations are conducted in a timely and effective manner, model inventory and documentation standards are accurate and complete.
  - Review the Bank's compliance with RBI guidelines and established risk related policies and procedures.
  - Review of individual loan accounts on a sample basis based on the defined sampling process.
  - Review the adequacy of the IT infrastructure and data maintenance. For portfolios where statistical models are being used, conduct tests to check data input processes.
  - Provide notice to RMC through the Audit Committee of the Board of any material deviations from established policies which may impact Bank's rating system or processes; and verify that details with respect to collateral and credit risk mitigants have been captured in the Bank's systems.
- iv. Credit Risk Management Committee (CRMC)** Specific responsibilities of the Credit Risk Management Committee are to:
- Ensure implementation of credit risk management policy and strategy approved by the Board.
  - Monitor quality of loan portfolio at periodical intervals, identifying problem areas and issuing directions for rectifying deficiencies.
  - Monitor credit risk on a bank wide region wise basis and ensure compliance with the approved risk parameters/ prudential limits and monitor risk concentrations.
  - Report any credit risk issues brought to its notice to the Risk Management Committee / Board
  - Incorporate regulatory compliance in Bank's policies and guidelines regarding credit risk.
  - Review and approve the use of internal risk rating for eligible accounts for business and risk management purposes and placing before RMC.
  - Review all rating validation results to assess efficacy and effectiveness of model performance and placing recommendations before RMC.
  - Review and approve the credit risk stress testing scenarios, results, and analysis.
- v. Operation Risk Management Committee (ORMC)** Specific responsibilities of the Operation Risk Management Committee are to:
- The ORMC should meet at least quarterly to discuss the performance of the ORMF, areas needing improvement and the status of efforts to improve previously identified deficiencies.
  - ORMC should inform the RMC of issues and changes or deviations from established policies, which will significantly impact the operations of the ORMF, including the operational risk profile and capital allocated to operational risk on a regular and timely basis.
  - Evaluating the Operational Loss and Near Miss reports submitted by the business units of the Bank and deliberating on the same.
  - Performs periodic review of the ORMF.
  - Ensures appropriate action is taken for operational risk exposures exceeding appetite.
  - ORMC should ensure the ongoing relevance and effectiveness of the ORM framework, the ORMS.

**vi. Asset Liability Management Committee (ALCO)** Specific responsibilities of the Asset Liability Management Committee are to:

- Evaluate internal processes for identifying, assessing, monitoring, and managing Market Risk
- Design and implement the bank's market risk management system.
- Review Market risk policy and procedures on a periodic basis and report to the Risk Management Committee for approval
- Monitor adherence to limits prescribed in the market risk policy and report any modifications required in the existing limits to the Risk Management Committee for approval.
- Ratification of exceptions to Market Risk Limits.
- Approve the Hedging Strategy, whenever the bank takes an open position.
- Regularly the investment portfolio

### III. DF – 3: Credit Risk: General Disclosures

#### 1) Qualitative Disclosure:

Credit Risk is defined as the possibility of losses due to outright default due to the inability or unwillingness of a customer or counterparties to meet commitments in relation to lending, trading, settlement, and other financial transactions. In addition, reduction in portfolio value arising from actual or perceived deterioration in credit quality of borrowers or counterparties. Credit risk emanates from a bank's dealings with an Individual, Non-Corporate, Corporate, Bank, Financial Institutions, or a Sovereign. Past Due contracts are those which have failed to make the scheduled payment on the given due date. Impaired accounts are those which have not paid three consecutive EMIs or are irregular for a period of more than 90 days or in a running account facility, three months interest is not serviced consecutively.

A non-performing asset (NPA) is a loan or an advance which falls under any of the following category:

- Interest and/ or instalment of principal remain overdue for a period of more than 90 days in respect of a term loan.
- The account remains 'out of order', in respect of an Overdraft/Cash Credit (OD/CC)
- The bill / cheques purchased remains overdue for a period of more than 90 days in the case of bills/ cheques purchased and discounted.
- The instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops.
- The instalment of principal or interest thereon remains overdue for one crop season for long duration crops.
- The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of the directions issued by RBI.
- In respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.
- In case of interest payments, banks shall, classify an account as NPA only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

The Credit Risk Management Department (CRMD) shall present progress reports to the CRMC/ Board on implementation of Credit Risk Management guidelines of the Bank and reports those that are required to be submitted to the regulator at the stipulated intervals. The CRMD shall be responsible for identification, assessment, quantification, and aggregation of credit risks embedded in business operations of the Bank and shall be responsible for formulation, evaluation, and improvement of risk management/control/mitigation tools in the Bank.



The broad functions of the Credit Risk Management Department would be as follows:

- Measure, control and manage credit risk on a Bank-wide/ Zone-wise/ Product wise basis within the limits set by the Board / CRMC.
- Monitor quality of loan portfolio, identify problems and correct deficiencies.
- Undertake portfolio evaluations and comprehensive studies on the environment to test the resilience of the loan portfolio to protect the quality of loan portfolio.
- Compute and analyze the RWA and credit risk capital computation results and apprise the same to CRMC.
- Enforce compliance with the risk parameters and prudential limits set by the Board / RMC / CRMC.
- Review and document changes to the credit scoring process and criteria, including rationale for their changes. Reviewing the scoring criteria to ensure that they remain predictive of risk.
- CRMD shall be responsible for collection of data required for model development and credit risk capital calculation.
- Lay down risk assessment processes; develop MIS for reporting to senior management.
- Documenting changes to the rating process, criteria or individual rating parameters and retained for RBI to review.
- Undertake Stress testing of portfolios and provide inputs for ICAAP.

## 2) Quantitative Disclosure:

### a) Total Gross Credit Risk Exposure by Facility:

		(₹ in Cr)
Facility Type		Credit Exposure
Fund Based		12,993.69
Non-Fund Based		0.00
<b>Total</b>		<b>12,993.69</b>

### b) Total Gross Credit Risk Exposure by Geography:

				(₹ in Cr)
Category	Fund Based	Non-Fund Based		Total Credit Exposure
Domestic	12,993.69	0.00		12,993.69
Overseas	0.00	0.00		0.00
<b>Total</b>	<b>12,993.69</b>	<b>0.00</b>		<b>12,993.69</b>

### c) Industry wise Distribution of Gross Advances:

				(₹ in Cr)
Category	Fund Based	Non-Fund Based		Total Credit Exposure
Agriculture and Allied Activities	6,554.39	-		6,554.39
Micro and Small	805.23	-		805.23
Professional Services	3.40	-		3.40
Wholesale Trade (other than Food Procurement)	167.39	-		167.39
Retail Trade	1,060.13	0.17		1,060.29
NBFCs	1,285.81	-		1,285.81
Banking & Finance other than NBFCs and DFIs	0	-		-
Other Services	1,322.52	26.07		1,348.60
Housing Loans (incl. priority sector Housing)	692.37	-		692.37
Consumer Durables	0.15	-		0.15
Credit Card Receivable	0.72	-		0.72

(₹ in Cr)			
Category	Fund Based	Non-Fund Based	Total Credit Exposure
Vehicle/Auto Loans	218.84	-	218.84
Education Loans	1.07	-	1.07
Advances against Fixed Deposits (incl. FCNR(B), etc.)	168.80	-	168.80
Other Retail Loans	4,348.46	-	4,348.45
Other Non- Food Credit	0	-	-
<b>Total</b>	<b>16,629.28</b>	<b>26.24</b>	<b>16,655.51</b>

## d) Residual Contractual Maturity Breakdown of Assets:

(₹ in Cr)							
Time Buckets	Amount as on 31 <sup>st</sup> Mar 2024						
	Cash and Balances with RBI	Balance with Banks and Money at Call and Short Notice	Investments	Advances	Fixed Assets	Other Assets	Total
1 day	93.6	72.5	239.7	120.7	0.0	513.4	1039.8
2 to 7 days	0.0	375.0	180.3	132.5	0.0	1155.7	1843.5
8 to 14 days	0.0	0.0	19.4	145.3	0.0	1.4	166.2
15 to 30 Days	26.6	0.0	117.8	365.0	0.0	148.4	657.9
31 Days to 2 months	21.6	0.1	240.3	678.2	0.0	8.5	948.7
Over 2 months to 3 months	15.0	75.0	130.1	609.8	0.0	7.5	837.5
Over 3 months to 6 months	66.6	103.0	357.8	1948.3	0.0	17.7	2493.4
Over 6 months to 1 year	198.2	2.9	1065.1	3489.3	0.0	210.3	4965.8
Over 1 year to 3 years	227.9	1.9	1224.7	5431.2	0.0	142.7	7028.3
Over 3 years to 5 years	17.9	0.3	96.1	940.6	0.0	7.6	1062.5
Over 5 years	1.5	0.0	8.1	2500.0	311.6	38.0	2859.1
<b>Total</b>	<b>668.9</b>	<b>630.8</b>	<b>3679.5</b>	<b>16360.8</b>	<b>311.6</b>	<b>2251.2</b>	<b>23902.7</b>

## e) Position of Non-Performing Assets (NPA):

(₹ in Cr)	
Particulars	Amount as on 31 <sup>st</sup> Mar 2024
Gross Advances*	16,629.28
Net Advances	16,364.81
<b>Gross NPA</b>	<b>417.57</b>
Sub-standard	341.28
Doubtful 1	60.89
Doubtful 2	15.38
Doubtful 3	0.02
Loss	0.00
<b>NPA Provision</b>	<b>264.47</b>
<b>Floating Provision</b>	<b>148.62</b>
<b>Net NPA</b>	<b>4.48</b>
NPA Ratios:	
Gross NPA to Gross Advances (%)	2.51%
Net NPA to Net Advances (%)	0.03%



**f) Movement of Non-Performing Assets (NPA Gross):**

(₹ in Cr)

Particulars	Amount as on 31 <sup>st</sup> Mar 2024
<b>Opening Balances (As on 1<sup>st</sup> Apr)</b>	431.50
Additions	469.19
Write Offs	313.42
Reductions	169.70
<b>Closing Balances</b>	<b>417.57</b>

**g) Movement of Specific & General NPA Provisions:**

(₹ in Cr)

Particulars	Amount as on 31 <sup>st</sup> Mar 2024	
	Specific Provisions	General Provisions
<b>Opening Balances (As on 1<sup>st</sup> Apr 2023)</b>	288.34	70.33
Add: Provisions made during the period	376.59	15.08
Less: Write offs	313.42	-
Less: Write Back of excess provision	87.04	5.52
<b>Closing Balances</b>	<b>264.47</b>	<b>79.89</b>

Specific Provisions represents provisions for NPAs.

General Provisions represents provisions excluding NPAs.

**h) Position of Non-Performing Investments (NPI) as on Mar 31, 2024:**

(₹ in Cr)

Particulars	Amount as on 31 <sup>st</sup> Mar 2024
Amount of Non-Performing Investments (NPI)	0.00
Amount of Provisions held for NPI	0.00

**i) Movement of provisions for depreciation on investments:**

(₹ in Cr)

Particulars	Amount as on 31 <sup>st</sup> Mar 2024
<b>Opening Balance (As on 1<sup>st</sup> Apr 2023)</b>	0.00
Add: Provisions made during the period	0.00
Less: Write offs	0.00
Less: Write Back of excess provision	0.00
<b>Closing Balance</b>	<b>0.00</b>

#### **IV. DF – 4: Credit Risk: Disclosures for Portfolios Subject to the Standardized Approach**

**1) Qualitative Disclosure:**

In line with RBI guidelines, Bank has employed standardized approach under Basel III capital regulations for computing risk-weighted assets of its credit portfolio.

As per regulations, the Bank is using long-term instrument ratings and / or bank facility ratings issued by the specified accredited External Credit Rating Agencies (ECRA) and published in public domain to assign credit risk weights to its counterparties.

ECRAs acceptable by Bank as per RBI guidelines are: - CRISIL, ICRA, CARE, India Ratings (FITCH India), Brickwork Ratings, SMERA and INFOMERICS Valuation and Rating Pvt. Ltd. (INFOMERICS).

**2) Quantitative Disclosures:**

The Bank has used the Standardized Approach under the RBI's Basel capital regulations for its credit portfolio.

(₹ in Cr)

Particulars	Amount as on 31 <sup>st</sup> Mar 2024
Below 100% Risk Weight	11,100.95
100% Risk Weight	1,716.65
More than 100% Risk Weight	176.09
Deducted	0.00
<b>Closing Balance</b>	<b>12,993.69</b>

## V. DF – 5: Credit Risk Mitigation: Disclosures for Standardized Approach

### 1) Qualitative Disclosure:

Borrower's financial strength and debt-servicing capacity shall be the primary consideration while granting credits and bank shall not rely, solely on collateral or guarantees as the primary source of repayment or as a substitute for evaluating the borrower's creditworthiness. Nevertheless, collateral and guarantees, if properly taken and managed, serve a few important functions in credit risk management. These include:

- to mitigate credit risk by providing the bank with a secondary source of repayment if the borrower defaults on a credit facility.
- to gain control of the collateral which is the primary source of repayment of a facility in default.
- to provide early warning of a borrower's deteriorating repayment ability (particularly for credit facilities such as margin financing where top-up of collateral may be required from time to time); and
- to enable bank to provide lower capital to credits which are secured by eligible collateral or guarantees.

Assets or rights provided to the Bank by the counterparty or a third party to secure a credit facility. The Bank must have a priority claim on the sale proceeds of collateralized assets or rights in the case of default of the counterparty or in case of occurrence of other credit events specified in the related facility documents collateral includes both primary and secondary securities provided to the Bank.

**Primary security:** Primary security is the asset created out of the credit facility extended to the borrower and / or which are directly associated with the business / project of the borrower for which the credit facility has been extended.

**Secondary security:** Secondary security is any other security offered for the said credit facility. For example, mortgage of House, land, Fixed deposits, Gold etc.

Depending on the deal structure and overall assessment of borrower, the personal guarantee of promoter directors / partners / proprietor / property owners, etc. is taken in Wholesale Banking vertical on a case - to - case basis.

The credit documentation empowers the bank to apply the collateral freely to discharge the borrower's obligations in so far as they are not discharged by the borrower in accordance with the loan agreement (e.g., due to breach of repayment terms, liquidation, or bankruptcy of the borrower). The bank verifies the existence and ownership of the assets being pledged before acceptance and ensures that there is no prior claim, or claim of equal ranking, by another party on the collateral. The bank secures its control of the collateral prior to the drawdown of credit facilities e.g., it obtains customers' authorization to transfer the legal title to the pledged shares to the bank etc. Where there is a need for the collateral to be held by a third party, the bank obtains that party's written confirmation that it has no claim over the collateral. Charges on collateral are registered promptly with the relevant authorities under applicable law (e.g., registrar of companies – ROC, CERSAI), where appropriate.

Valuations are based on the current market value of the collateral and are not biased to enable the bank, to grant a higher credit limit to the borrower or improve its internal credit rating, make a smaller amount of provision, or continue interest accrual for a problem credit. The bank ensures that the valuation method used, whether internal or external, is based on assumptions that are both reasonable and prudent and all assumptions should be clearly documented.

Collateral are being revalued on a regular basis, though the frequency may vary with the type of collateral involved and the nature & the internal credit rating of the underlying credit e.g., frequency for shares and properties as collateral would be different. Staff conducting internal valuations, carrying out site visits to collateralized properties or deciding on the use of external valuers etc. shall be independent of the marketing or credit granting & approval function. The bank monitors general trends in markets (e.g., property price and stock indices) for the major types of collateral taken. It conducts stress tests & scenario analysis on their portfolio of collateral to assess the impact under unusual market conditions (e.g., a significant decline in property or stock prices).

Authority and responsibility are clearly delegated to relevant individuals and departments for approving the acceptance, monitoring or safe custody of collaterals and guarantees. The bank ensures safe custody, easy retrieval, control over movement, control over access, of collateral & guarantees depending upon their



nature & types e.g., use of fireproof vault etc. Collaterals & guarantees are being handled as per the bank's internal procedures.

Bank periodically verify the availability of collateral through inspection and audit. Prior to the release of collateral or guarantees, bank shall ensure that:

- all conditions for release stipulated in the relevant loan agreements have been fully complied with; and
- the release has been duly authorized.

All the collateral acquired by the bank during the satisfaction of debts due to it will be disposed of at the earliest suitable opportunity. Disposal of collateral will be at arm's length and through a transparent process (such as a public auction or independent estate agents for foreclosed properties etc.) to avoid complaints / disputes by the original owner. The bank will ensure that the disposal of collateral complies with relevant laws and regulations and where appropriate, legal advice should be sought.

Management information on collateral has been produced periodically to facilitate review by the senior management. The information required will depend on the nature and value of collateral taken by the bank. Following information can be included (inclusive):

- Breakdown of credit exposure by type of collateral
- Borrowings exceeding maximum loan to- value ratio.
- Total current market value of assets foreclosed during satisfaction of debts.
- Comparison of latest assessed market value with actual proceeds of collateral sold.
- Current market value of collateral related to each classified credit.

Risk concentrations are the single most important cause of major problems in banks and may take many forms including exposures to types of assets, individual counterparties, groups of related counterparties and counterparties in specific geographical locations, economic or industry sectors,

The following exposures shall be included while monitoring geographical concentration of exposures:

- Sanction limit or outstanding limit
- Sanction limit but not disbursed; and
- Agreement in principle

Geographical concentration risk has been monitored by the RMD based on region / zone in which the loan is booked. Bank endeavors to gradually reduce the geographical concentration to ensure that any unfavorable event in any region is not significantly affecting the bank's portfolio. The concentration of the top two states shall not exceed 50% of the total portfolio by the year 2024. Concentration of any other state shall not exceed 15% of the portfolio. Similarly, portfolio concentration for single district shall not exceed 4% of the portfolio by year 2024. If certain level of concentration is unavoidable due to the Bank's trade area, geographic location, lack of access to diverse borrowers, Bank's own expertise in a particular industry or economic sector, in such cases, the Bank shall monitor the performance of such portfolio very closely to take appropriate steps in case of any red flags.

The Bank complies with the statutory exposure limits set by RBI for individual counterparties, group of counterparties, geography / region, industry / sector etc. The Bank has established internal exposure limits that may be more conservative than the statutory limits stipulated by RBI, commensurate with capital base and balance sheet size. Appropriate justification shall be recorded for enhancement of such limits. The Bank shall carry out analysis of the credit portfolio, including estimates of its trends and use results in setting internal limits. Aggregate exposure in NBFC should not be more than 10% of the credit exposure of the Bank as per the last quarter balance sheet. Factors like the perceived risk of a certain sector or region, the nature of the product, maturity/tenor, and purpose of credit and sources of payment may also be considered while fixing internal exposure limits.

**2) Quantitative Disclosures:****Exposure covered by Credit Mitigants**

(₹ in Cr)

Particulars	Amount as on 31 <sup>st</sup> Mar 2024
Total exposure covered by eligible financial collateral	6,264.63
Total exposure covered by guarantees	0.02

**VI. DF – 6: Securitisation Exposures: Disclosure for Standardized Approach**

As on Mar 31, 2024, the Bank does not have any Securitization Exposures.

**VII. DF – 7: Market Risk in Trading Book:****1) Qualitative disclosures:**

Market Risk may be defined as the possibility of loss to a bank caused by changes in the market variables such as interest rates, credit spreads, equity prices, etc. The market risk for the Bank is governed by 'Market Risk Management Policy' and 'Treasury & Investment Policy', which are approved by the Board. These policies ensure that transactions in debt and capital markets are conducted in accordance with acceptable business practices and are as per the extant regulatory guidelines.

**a) Structure and Organization**

The organizational structure for Market Risk Management is as follows:

- Board of Directors
- Risk Management Committee of Board (RMCB)
- Asset Liability Management Committee (ALCO)
- Chief Risk Officer (CRO)
- Head - Market Risk Department
- Market Risk Management Unit

The Market Risk Management unit is independent of the dealing and settlement functions and reports directly to the Chief Risk Officer.

**b) Strategies and Processes**

Risk identification entails ensuring all instruments that result in Market Risk both on-balance sheet and off-balance sheet of the Bank is identified and monitored centrally. To achieve this objective, all new instruments/ products in which the Bank engages should be assessed. The Asset Liability Management Committee (ALCO) reviews all new instruments to evaluate whether they result in market risk. Modifications to existing instruments are reported to the ALCO to enable such evaluation.

The Market Risk Division of the Risk Management Department is responsible for the design and implementation of the Bank's market risk management/ALM system. The Division is independent from business and trading units, and provides an independent risk assessment, which is critical to the ALCO's key function of controlling and managing market risks in accordance with the mandate established by the Board and Risk Management Committee. Mid Office of the Bank's Treasury function is attached to the Market Risk Division of Risk Management Department. Mid Office prepares and analyses daily reports on various activities of the Bank's Treasury. The Mid Office, which is responsible for the critical functions of independent market risk monitoring, measurement and analysis, reports to the Bank's Chief Risk Officer through the Head of Market Risk Division.

**c) Market Risk Measurement**

Adverse movements in interest rates can affect both interest earnings and the fair or economic value of the financial instruments. The very nature of the financial intermediation business makes the Bank susceptible to interest rate risk and unmanaged risk could potentially pose a significant threat to the Bank's earnings and capital. Interest rate risk results from both the trading book and banking book. The



impact of interest rate risk on trading book is actively measured using trading book risk metrics like PV01, duration, etc. For the banking book, interest rate risk arises through mismatches in re-pricing of interest rate sensitive assets (RSA), rate sensitive liabilities (RSL) and rate sensitive off-balance sheet items.

For SFBs, Reserve Bank of India has not prescribed capital charge for market risk. Since the market risk framework also covers specific risk charge, therefore, to assess the credit risk in the trading book, an external rating-based approach is used, and risk weighted assets so computed are included under credit risk.

## 2) Quantitative disclosures:

(₹ in Cr)

Capital Requirement	Amount as on 31 <sup>st</sup> Mar 2024
<b>Risk Weighted Assets for Market Risk:</b>	
Standardized Duration Approach	0.00
Interest Rate Risk	0.00
Equity Position Risk	0.00
Foreign Exchange Risk	0.00

## VIII. DF – 8: Operational Risk –

### 1) Qualitative disclosures:

Operational Risk is defined as the risk of losses resulting from inadequate or failed internal processes, people, and systems or from external events, which includes but is not limited to legal risk. It is inherent in all activities arising out of a bank's business and operations and could result in financial losses, litigation, regulatory fines, or other damage to the bank. The severity of impact on the bank, its employees and customers are dependent on the efficacy with which operational risk is managed by the bank. The goal is to keep operational risk at appropriate levels, considering the bank's financial strength, the characteristics of its businesses, the markets in which it operates, and the competitive and regulatory environment in which it operates.

#### a. Structure and Organization

The operational risk management governance structure is as follows:

- Board of Directors
- Risk Management Committee of Board (RMCB)
- Operational Risk Management Committee (ORMC)
- Chief Risk Officer (CRO)
- Head - Operational Risk Department
- Operational Risk Unit

Additionally, with a view to ensuring sound practices in respect of governance of the overall Operational Risk, the Bank has outlined policies and processes in respect of Information Security, Business Continuity Planning, Disaster Recovery, Fraud Risk Management Control and Customer Services.

#### b. Strategies and Processes

The business units and supporting operational functions are accountable for operational risks and controls in their respective areas, which they manage as per the policies, standards, processes, procedures; and operational risk management framework laid down by the independent operation risk management (ORM) function.

ORM along with product and process managers facilitates the business and operation groups for carrying out risk and control self-assessments on a periodic basis. All the new products and processes including modifications thereof are reviewed by the control groups such as risk, compliance, legal and audit.

Bank has an internal framework for reporting and capturing operational risk incidents. Significant incidents reported are investigated to assess weaknesses in controls and identify areas for improvement.

The Bank also has a Whistle blower policy, which is open to employees and vendors for raising their concerns, with full confidentiality, on any fraud, malpractice or any other untoward activity or event. The Bank has a separate Risk Containment Unit (RCU) to pre-empt and weed out undesirable prospective customers at the on-boarding stage itself. The Bank also has Fraud Risk Management Unit to detect and

prevent frauds as also address fraud risk related issues and conduct investigations wherever frauds have been detected or potential frauds are flagged.

There is an independent information security group, which addresses information and cyber security related risks. The function is governed by a Board approved policies on information security and cyber security. The Bank carries out periodical awareness exercise to ensure that employees are updated on information security practices. The information security function is driven by both technology and process driven controls.

Disaster recovery and Business Continuity Plan (BCP) has also been established by the Bank for significant businesses to ensure continuity of operations and minimal disruption to customer services. These plans are periodically tested and reviewed to ensure their effectiveness.

## IX. DF – 9: Interest Rate Risk in the Banking Book (IRRBB)

### 1) Qualitative Disclosure

Interest rate risk is the risk where changes in market interest rates might adversely affect a bank's financial condition. The immediate impact of changes in interest rates is on bank's earnings through changes in its Net Interest Income (NII). A long-term impact of changes in interest rates is on bank's Market Value of Equity (MVE) or Net worth through changes in the economic value of its, liabilities and off-balance sheet positions. The interest rate risk, when viewed from these two perspectives, is known as 'earnings perspective' and 'economic value' perspective, respectively.

The interest rate risk is measured and monitored through two approaches:

**Earning at Risk (EAR):** Earnings perspective involves analysing the impact of changes in interest rates on accrual or reported earnings in the near term. This is measured using TGA whose focus is to measure the level of a bank's exposure to interest rate risk in terms of sensitivity of its NII to interest rate movements over the horizon of analysis which is usually one year. It involves bucketing of all RSA and RSL and off - balance sheet items as per residual maturity/ re-pricing date in various time bands and compute Earnings at Risk (EaR) i.e. loss of income under different interest rate scenarios over a time horizon of one year.

**Market Value of Equity (MVE):** This approach analyses the dynamic behaviour of economic value of equity with response to varying interest rate scenarios. Broadly, the MVE is defined as the difference between the market value of assets and market value of liability in response to a change in the interest rate. The linkage between the two is established via modified duration of rate sensitive assets and liabilities.

The Duration Gap Analysis (DGA) would involve bucketing of all on- and off- balance sheet Risk Sensitive Assets (RSA) and Risk Sensitive Liabilities (RSL) as per their residual maturity / re-pricing dates in various time bands and computing the Modified Duration Gap (MDG). MDG would be used to evaluate the impact on the Market Value of Equity (MVE) of the bank under different interest rate scenarios.

Modified Duration of an asset or liability measures the approximate percentage change in its value for a 100 basis point change in the rate of interest.

### 2) Quantitative disclosure:

#### Earning at Risk (EAR):

		(% of NII)
Change in interest rate	Amount as on 31 <sup>st</sup> Mar 2024	
EaR @ 100 bps		2.26%
EaR @ 200 bps		4.51%
EaR @ 300 bps		6.77%

#### Market Value of Equity (MVE)

		(% of NII)
Change in interest rate	Amount as on 31 <sup>st</sup> Mar 2024	
% Change in MVE when there is 100 bps change in interest rates		4.22%
% Change in MVE when there is 200 bps change in interest rates		8.44%
% Change in MVE when there is 300 bps change in interest rates		12.66%



## X. DF – 10: General Disclosure for Exposure Related to Counterparty Credit Risk

As on Mar 31, 2024, the Bank does not have any Counterparty Credit Risk and Derivative exposure.

## XI. DF – 11: Composition of Capital

		(₹ in Cr)
Particulars	Amount	
<b>Common Equity Tier 1 Capital: Instruments and Reserves</b>		
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	1,653.73
2	Retained earnings	881.14
3	Accumulated other comprehensive income (and other reserves)	370.84
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-
6	Common Equity Tier 1 capital before regulatory adjustments	2,905.71
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Intangibles including deferred revenue expenditures (net of related tax liability)	78.36
10	Deferred tax assets	105.10
11	Cash-flow hedge reserve	-
12	Shortfall of provisions to expected losses	-
13	Securitization gain on sale	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-
15	Defined-benefit pension fund net assets	-
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	-
17	Reciprocal crossholdings in common equity	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
20	Mortgage servicing rights (amount above 10% threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	-
23	of which: significant investments in the common stock of financial entities	-
24	of which: mortgage servicing rights	-
25	of which: deferred tax assets arising from temporary differences	-
26	National specific regulatory adjustments (26a+26b+26c+26d)	-
26	Of which: Investments in the equity capital of unconsolidated insurance subsidiaries	-
a		
26	Of which: Investment in the equity capital of unconsolidated nonfinancial subsidiaries	-
b		
26	Of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the Bank	-
c		
26	Of which: Unamortized pension funds expenditures	-
d		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
28	<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>183.46</b>
29	Common Equity Tier 1 Capital (CET 1)	2,722.25

		(₹ in Cr)
Particulars	Amount	
<b>Additional Tier 1 Capital: instruments</b>		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) [31+32]	-
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-
35	of which: instruments issued by subsidiaries subject to phase out	-
36	<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>0.00</b>
<b>Additional Tier 1 Capital: regulatory adjustments</b>		
37	Investments in own Additional Tier 1 instruments	-
38	Reciprocal crossholdings in Additional Tier 1 instruments	-
39	Investments in the capital of Banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the Bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
40	Significant investments in the capital of Banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
41	National specific regulatory adjustments (41a + 41b)	-
41	of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-
41	of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
43	Total regulatory adjustments to Additional Tier 1 capital	-
44	Additional Tier 1 capital (AT1)	-
45	<b>Tier 1 capital (T1 = CET1 + AT1) (row 29 + row 44)</b>	<b>2,722.25</b>
<b>Tier 2 capital: instruments and provisions</b>		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
47	Directly issued capital instruments subject to phase out from Tier 2	120.00
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-
49	of which: instruments issued by subsidiaries subject to phase out	-
50	Provisions (including Investment Reserve Account and Revaluation Reserve) (1.25% of Credit risk RWA)	90.25
51	<b>Tier 2 capital before regulatory adjustments</b>	<b>210.25</b>
<b>Tier 2 capital: regulatory adjustments</b>		
52	Investments in own Tier 2 instruments	-
53	Reciprocal crossholdings in Tier 2 instruments	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-
55	Significant investments in the capital Banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
56	National specific regulatory adjustments (56a+56b)	-
56	Of which: Investments in the Tier II capital of unconsolidated subsidiaries	-
56	Of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the Bank	-
57	<b>Total regulatory adjustments to Tier 2 capital</b>	<b>0.00</b>
58	<b>Tier 2 capital (T2)</b>	<b>210.25</b>
59	<b>Total capital (TC = T1 + T2) (row 45+row 58)</b>	<b>2,932.50</b>
60	<b>Total risk weighted assets (row 60a +row 60b +row 60c)</b>	<b>12,993.69</b>



		(₹ in Cr)
Particulars	Amount	
60 of which: total credit risk weighted assets		12,993.69
a		
60 of which: total market risk weighted assets		0.00
b		
60 of which: total operational risk weighted assets		0.00
c		
<b>Capital Ratios</b>		
61 Common Equity Tier 1 (as a percentage of risk weighted assets)		20.95%
62 Tier 1 (as a percentage of risk weighted assets)		20.95%
62 Tier 2 (as a percentage of risk weighted assets)		1.62%
a		
63 Total capital (as a percentage of risk weighted assets)		22.57%
64 Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)		-
65 of which: capital conservation buffer requirement		-
66 of which: Bank specific countercyclical buffer requirement		-
67 of which: G-SIB buffer requirement		-
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)		-
<b>National minima (if different from Basel III)</b>		
69 National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)		-
70 National Tier 1 minimum ratio (if different from Basel III minimum)		-
71 National total capital minimum ratio (if different from Basel III minimum)		-
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
72 Non-significant investments in the capital of other financial entities		-
73 Significant investments in the common stock of financial entities		-
74 Mortgage servicing rights (net of related tax liability)		-
75 Deferred tax assets arising from temporary differences (net of related tax liability)		-
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
76 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)		-
77 Cap on inclusion of provisions in Tier 2 under standardized approach		-
78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		-
79 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		-
<b>Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017, and March 31, 2022)</b>		
80 Current cap on CET1 instruments subject to phase out arrangements		-
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		-
82 Current cap on AT1 instruments subject to phase out arrangements		-
83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		-
84 Current cap on T2 instruments subject to phase out arrangements		-
85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		-

## Notes to Template

Row No. of the Template	Particular	Rs. in crores
	Deferred tax assets associated with accumulated losses	-
10	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	105.10
	Total as indicated in row 10	105.10
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	-
	of which: Increase in Common Equity Tier 1 capital	-
	of which: Increase in Additional Tier 1 capital	-
	of which: Increase in Tier 2 capital	-
26 b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	-
	(i) Increase in Common Equity Tier 1 capital	-
	(ii) Increase in risk weighted assets	-
44 a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	-
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	90.25
50	Eligible Provisions and reserves included in Tier 2 capital (1.25% of Credit risk RWA) Min (D1+D1a+ D2a,60a*1.25%)	90.25
	Total of row 50	

## XII. DF – 12: Composition of Capital – Reconciliation Requirements

Disclosure template for main features of regulatory capital instruments		Equity Shares
1	Issuer	Utkarsh Small Finance Bank Limited
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	INE735W01017 (for Listed Equity Shares of the Bank)
	Governing law(s) of the instrument	Companies Act, 2013, SEBI (SAST) Regulations & Companies Act, 2013, SEBI (SAST) Regulations &
3		Banking Regulation Act, 1949 (for subscription to equity shares equivalent to 5% or more of the paid-up share capital by any single investor)
Regulatory treatment		
4	Transitional Basel III rules	-
5	Post-transitional Basel III rules	-
6	Eligible at solo/group/ group & solo	-
7	Instrument type	Equity Shares
8	Amount recognised in regulatory capital (` in crore, as of most recent reporting date)	Rs.1099.46 crore (as on March 29, 2024 – for fully paid-up equity shares)
9	Par value of instrument	
10	Accounting classification	



Disclosure template for main features of regulatory capital instruments		Equity Shares
11	Original date of issuance	<p>Equity: (Face/Nominal Value of Equity raised)</p> <p>i) At the time of Incorporation Rs.5,00,000/-</p> <p>ii) Allotment date 07.10.2016 - Rs.99,95,00,000/-</p> <p>iii) Allotment date 20.01.2017 - Rs.200,050,00,00/-</p> <p>iv) Allotment date (through conversion of CCDs) 21.09.2017 - Rs.120,00,00,000/-</p> <p>v) Allotment date 26.03.2018 - Rs.50,00,00,000/-</p> <p>vi) Allotment date (through conversion of CCDs) 13.06.2018 - Rs.267,00,00,000/-</p> <p>vii) Allotment date 18.09.2019 - Rs.22,22,22,220/-</p> <p>viii) Allotment date 08.03.2021 - Rs. 89,06,16,470/-</p> <p>ix) Allotment date 02.08.2021 - Rs. 23,58,49,050/-</p> <p>x) Allotment date 13.08.2021 - Rs. 12,57,86,160/-</p> <p>xi) Allotment date 18.08.2021 - Rs. 3,14,46,540/-</p> <p>xii) Allotment date 01.09.2021 - Rs. 3,45,91,190/-</p> <p>xiii) Allotment date 29.09.2021 - Rs. 4,40,25,150/-</p> <p>xiv) Allotment date 22.01.2022 - Rs. 1,78,440/-</p> <p>xv) Allotment date 31.10.2022- Rs.19,80,250/-</p> <p>xvi) Allotment date 17.02.2023- Rs.1,701,160/-</p> <p>xvii) Allotment date 09.03.2023- Rs 1,50,000/-</p> <p>xviii) Allotment (Public Issue - IPO) date 18.07.2023 - Rs 2,000,000,000/-</p> <p>xix) Allotment (pursuant to exercise of ESOPs) date 27.09.2023 - Rs 10,847,500/-</p> <p>xx) Allotment (pursuant to exercise of ESOPs) date 13.10.2023 - Rs 9,55,000/-</p> <p>xxi) Allotment (pursuant to exercise of ESOPs) date 03.11.2023 - Rs 34,68,750/-</p> <p>xxii) Allotment (pursuant to exercise of ESOPs) date 22.11.2023 - Rs 28,28,670/-</p> <p>xxiii) Allotment (pursuant to exercise of ESOPs) date 12.12.2023 - Rs 6,03,620/-</p> <p>xxiv) Allotment (pursuant to exercise of ESOPs) date 22.12.2023 - Rs 30,73,750/-</p> <p>xxv) Allotment (pursuant to exercise of ESOPs) date 22.12.2023 - Rs 30,73,750/-</p> <p>xxvi) Allotment (pursuant to exercise of ESOPs) date 05.01.2024 - Rs 23,15,940/-</p> <p>xxvii) Allotment (pursuant to exercise of ESOPs) date 02.02.2024 - Rs 21,99,990/-</p> <p>xxviii) Allotment (pursuant to exercise of ESOPs) date 17.02.2024 - Rs 51,36,250/-</p> <p>xxix) Allotment (pursuant to exercise of ESOPs) date 04.03.2024 - Rs 30,88,500/-</p> <p>xxx) Allotment (pursuant to exercise of ESOPs) date 20.03.2024 - Rs 10,10,000/-</p>

Disclosure template for main features of regulatory capital instruments		Equity Shares
12	Perpetual or dated	Perpetual
13	Original maturity date	N.A.
14	Issuer call subject to prior supervisory approval	N.A.
15	Optional call date, contingent call dates and redemption amount	N.A.
16	Subsequent call dates, if applicable	N.A.
<b>Coupons / dividends</b>		
17	Fixed or floating dividend/coupon	N.A.
18	Coupon rate and any related index	N.A.
19	Existence of a dividend stopper	RBI norms/guidelines as issued from time-to-time
20	Fully discretionary, partially discretionary, or mandatory	Discretionary (subject to approval of the Board of Directors)
21	Existence of step up or other incentive to redeem	N.A.
22	Noncumulative or cumulative	N.A.
23	Convertible or non-convertible	N.A.
24	If convertible, conversion trigger(s)	N.A.
25	If convertible, fully or partially	N.A.
26	If convertible, conversion rate	N.A.
27	If convertible, mandatory, or optional conversion	N.A.
28	If convertible, specify instrument type convertible into	N.A.
29	If convertible, specify issuer of instrument it converts into	N.A.
30	Write-down feature	N.A.
31	If write-down, write-down trigger(s)	N.A.
32	If write-down, full or partial	N.A.
33	For write down instrument, specifies whether write down is permanent or temporary. Helps to assess loss absorbency.	N.A.
34	If temporary write-down, description of write-up mechanism	N.A.
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Last (under Co. Act, 2013)
36	Non-compliant transitioned features	-
37	If yes, specify non-compliant features	-

#### XIV. DF – 14: Full Terms and Conditions of Regulatory Capital Instruments – Debt instruments

Disclosure template for main features of regulatory capital instruments		Debt instrument	Debt instrument
1	Issuer	Utkarsh Small Finance Bank Limited	Utkarsh Small Finance Bank Limited
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	INE735W08020	INE735W08038
3	Governing law(s) of the instrument	Indian Laws	Indian Laws
<b>Regulatory treatment</b>			
4	Transitional Basel III rules	Tier II	Tier II
5	Post-transitional Basel III rules	Eligible	NA
6	Eligible at solo/group/ group & solo	Solo	Solo
7	Instrument type	Non-Convertible Debentures in the nature of Sub debt qualifying for Tier II	Non-Convertible Debentures in the nature of Sub debt qualifying for Tier II
8	Amount recognised in regulatory capital (` in crore, as of most recent reporting date)	₹3 crores	₹117 Crore



Disclosure template for main features of regulatory capital instruments		Debt instrument	Debt instrument
9	Par value of instrument	₹100,000/- Per NCD	₹10,00,000/- Per NCD
10	Accounting classification	Borrowings	Borrowings
11	Original date of issuance	August 30, 2018	June 26, 2020
12	Perpetual or dated	Dated	Dated
13	Original maturity date	August 30, 2025	June 26, 2027
14	Issuer call subject to prior supervisory approval	NA	Yes
15	Optional call date, contingent call dates and redemption amount	NA	June 26, 2025
16	Subsequent call dates, if applicable	NA	NA
<b>Coupons / dividends</b>			
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	Coupon – 10.577% p.a.	Coupon – 12.50% p.a.
19	Existence of a dividend stopper		
20	Fully discretionary, partially discretionary, or mandatory		
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non-Cumulative	Non-Cumulative
23	Convertible or non-convertible	Non- Convertible	Non- Convertible
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory, or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature		
31	If write-down, write-down trigger(s)		
32	If write-down, full or partial		
33	If temporary write-down, description of write-up mechanism		
34	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All other depositors and creditors of the Bank	All other depositors and creditors of the Bank
35	Non-compliant transitioned features		
36	If yes, specify non-compliant features		

## **XV. DF – 15: Disclosure Requirements for Remuneration**

### **1) Qualitative Disclosures**

#### **a. Information relating to the bodies that oversee remuneration:**

- Name, composition, and mandate of the main body overseeing remuneration. – Nomination & Remuneration Committee Composition – Mr. Kajal Ghose, Mr. Muralidharan Rajamani and Mr. Parveen Kumar Gupta.
- External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process - None.
- Scope of the bank's remuneration policy, including the extent to which it is applicable to foreign subsidiaries and branches. Not Applicable.
- Type of employees covered and number of such employees- The Nomination & Remuneration Policy is applicable to all directors, KMPs and SMPs and other employees of the Bank, as may be specified.

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

- **An overview of the key features and objectives of remuneration policy. The objective of remuneration policy is as follows:**

- To guide the Board by laying down selection criteria for appointment and mechanism for removal/dismissal of directors, Key Managerial Personnel (as defined herein) and Senior Management Personnel (as defined herein).
- To formulate a criterion for determining remuneration and compensation payable to the directors, Key Managerial Personnel, Senior Management Personnel, and other employees, including performance-based variable pay and Employee Stock Options Plans ("ESOP"), wherever applicable.
- To introduce necessary initiatives to retain, motivate and promote talent and to ensure long term sustainability of talented Key Managerial Personnel and Senior Management Personnel.

- **Review of the Bank's remuneration policy during the past year, and an overview of changes that were made.**

The NRC and the board reviewed the compensation policy of the bank in its meetings held on 22nd March 2022 and no changes were made in the same.

- **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 staff.

**c. Description of the ways in which current and future risks are considered in the remuneration processes.**

- **An overview of the key risks that the bank considers when implementing remuneration measures.**

The overall objectives for laying down a Compensation policy is to offer compensation systems that makes it possible to attract, retain and motivate the most outstanding professionals to enable the bank to attain its strategic objectives and sustainable growth within increasingly competitive context in which it operates. Further, the compensation system would be in line with the various regulatory frameworks. It also ends to align compensation with prudent risk-taking through well designed and consistent compensation structures, considering time horizon of risks. The identified risk parameters (and additions if any) will be reflected in the bank's Performance Management System (PMS).

- **An overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure (values need not be disclosed)**

The bank uses the following key measures to take account of Risks in the business.

- Financial Parameters which establish the linkage of compensation with individual performance as well as achievement of the corporate objectives of the Bank which include a significant variable pay component tied to the achievement of pre-established objectives in line with Bank's scorecard while ensuring that the compensation is aligned with prudent risk taking.
- Encourage attainment of long-term shareholder returns through inclusion of equity linked long-term incentives as part of compensation.
- The mix of cash, equity and other terms of compensation are consistent with risk alignment. Further, the compensation outcomes are symmetric with risk outcomes.
- The score cards used to measure performance include key metrics such as Non-Performing Assets, Audit Scores, Reserve Bank of India RBS report observations etc. to ensure that the performance measures cover all aspects of the job.



- **The ways in which these measures affect remuneration.**

The measures listed above impact the immediate total CTC computation based on the overall performance measurement of an individual role holder for a given FY. In case of non-performance the variable component for an individual role holder is not given and for the rest it is computed on a sliding scale of performance review which is approved by the board and the NRC annually. Also caps of cash component of variable as well as deferment of both cash and non-cash bonuses is applied as per the guidelines issued by the Reserve Bank of India.

- **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**

The NRC and the board reviewed the compensation policy of the bank in its meetings on 22nd March 2022 respectively and no changes were made in the same.

**d. Description of the ways in which the bank seeks to link performance during a performance measurement period 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 lay 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, the bank has a 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 of each individual employee.

- **An overview of main performance metrics for bank, top level business lines and individuals:**

The Bank's performance metrics are aligned to the balance score card methodology and cover Financial Perspective, Process Perspective, People Perspective Customer Perspectives and Learning Perspectives. These weightages on the same vary at difference levels and roles.

- **How amounts of individual remuneration are linked to the bank-wide and individual performance:**

Based on the performance review at an organizational / Functional / Individual level, the bank decided on percentage of salary increments to be given at various levels of performance of each individual employee.

- **The measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak:**

This is based on a robust PMS process which is approved by the NRC and Board of the bank.

**e. A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.**

- **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, along with 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 –

- For MD & CEO & Senior Management Team – As per the RBI guideline on Material Risk Takers, MD & CEO & SMT who have been classified as MRT's suitable deferral is being done.
- AlI ESOP's which are granted across all levels in the organization have deferral arrangement in them
- 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 bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:**

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

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.

- f. **Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.**

- **An overview of the forms of variable remuneration offered.**

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.

- **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, along with 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, ESOPs & Monthly / Quarterly Variable Pay. 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 and achievement against them.**

## 2) Quantitative Disclosures:

(The quantitative disclosures cover Whole Time Directors / CEO / MD & Chief Executive Officer / Material Risk Takers - SVP & Above)

- a. Number of meetings held by the NRC during FY 23-24 and remuneration paid to its members: 6 meetings held during the FY 23-24 and Rs.10,80,000 sitting fees paid to its members.
- b. Number of employees having received a variable remuneration award as of during FY 23-24:
  - Annual Bonus payment during the FY 23-24 ₹ 23,68,96,417.
  - A total of ₹ 36.83 lacs has been paid to MD & CEO during April'23 to Mar' 24. Bifurcation is as follows:
    - 1/3 of deferred bonus amounting ₹ 5.17 lac for FY20-21 and 1/3 of deferred bonus amounting ₹ 6.66 lac for FY21-22 totaling to ₹ 11.83 lac is paid in the month of April'23.
    - ₹ 25 lac of upfront bonus paid for FY22-23 in the month of Oct'23.
    - Total No. of ESOPs granted to all 6 MRT's- NO ESOP Granted.
- c. Number and total amount of sign-on/joining bonus awards made during FY 23-24. No Sign-on bonus awards during FY 23-24.
- d. Number and total amount of guaranteed bonuses awarded during FY 23-24: NIL (no new joining of Whole Time Directors / Chief Executive Officer / Other Risk Takers- MD & CEO, SVP & Above)
- e. Details of severance pay, in addition to accrued benefits, if any:
 

No severance pays, in addition to accrued benefits given.
- f. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms:



- **A total of ₹ 36.83 lacs has been paid to MD & CEO during April'23 to Mar'24. Bifurcation is as follows:**
  - 1/3 of deferred bonus amounting Rs.5.17 lac for FY20-21 and 1/3 of deferred bonus amounting Rs 6.66 lac for FY21-22 totaling to Rs. 11.83 lac is paid in the month of April'23.
  - ₹ 25 lac of upfront bonus paid for FY22-23 in the month of Oct'23.
- g. Total amount of deferred remuneration paid out in for the FY 23-24: **NIL**
- h. Breakdown of amount of remuneration awards as of Q3 of FY 23-24 to show fixed and variable, deferred and non-deferred, different forms used:
  - Salary including perquisites for amounting ₹ 8,27,60,896 to all MRTs during the FY 23-24
  - The annual bonus paid to MRTs during the FY 23-24 is ₹88,11,526 excluding MD & CEO.
  - Apart from this, a total bonus of ₹ 36.83 lacs has been paid to MD & CEO during April'23 to Mar'24.
- i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments: **NIL**
- j. Total amount of reductions during FY 23-24 due to ex- post explicit adjustments: **NIL**
- k. Total amount of reductions during FY 23-24 due to ex- post implicit adjustments: **NIL**
- l. Number of MRTs identified – **6.**
- m. Number of cases where malus has been exercised – **NIL.**
- n. Number of cases where claw back has been exercised – **NIL.**
- o. Number of cases where both malus and claw back have been exercised - **NIL.**

### 3) General Quantitative Disclosures:

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 crores & 59 times.

## XVI. DF – 16: Equities – Disclosure for Banking Book Positions

As on Mar 31, 2024, the Bank does not have any Equity Exposures.

## XVII. DF – 17: Summary Comparison of accounting assets vs. leverage ratio exposure measure

		(₹ in Cr)
Sl. No.	Particulars	Amount as on 31 <sup>st</sup> Mar 2024
1	Total consolidated assets as per published financial statements	23,902.68
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0.00
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	183.46
4	Adjustments for derivative financial instruments	0.00
5	Adjustment for securities financing transactions (i.e., repos and similar secured lending)	0.00
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	76.67
7	Other adjustments	-
8	<b>Leverage ratio exposure</b>	<b>11.44%</b>

## XVIII. DF – 18: Leverage ratio

Leverage ratio is a non-risk-based measure of exposure over capital. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements.

Leverage Ratio = Capital Measure (Tier I Capital)/Exposure Measure

As per operating guidelines for SFBs, the Bank is required to maintain leverage ratio of 4.50%.

The Bank's leverage ratio, calculated in accordance with RBI guidelines under consolidated framework, is as follows: (₹ in Cr)

Sl. No.	Particulars	Amount as on 31 <sup>st</sup> Mar 2024
<b>On-Balance sheet exposure</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	23,719.21
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	0.00
3	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>	<b>23,719.21</b>
<b>Derivative exposure</b>		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	0.00
5	Add-on amounts for PFE associated with all derivatives transactions	0.00
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0.00
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.00
8	(Exempted CCP leg of client-cleared trade exposures)	0.00
9	Adjusted effective notional amount of written credit derivatives	0.00
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.00
11	<b>Total derivative exposures (sum of lines 4 to 10)</b>	<b>0.00</b>
<b>Securities financing transaction exposures</b>		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	0.00
12	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0.00
14	CCR exposure for SFT assets	0.00
15	Agent transaction exposures	0.00
16	<b>Total securities financing transaction exposures (sum of lines 12 to 16)</b>	<b>0.00</b>
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure at gross notional amount	76.67
18	(Adjustments for conversion to credit equivalent amounts)	0.00
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	<b>76.67</b>
<b>Capital and total exposures</b>		
20		2,722.25
21		<b>23,795.88</b>
<b>Leverage ratio</b>		
22	<b>Basel III leverage ratio</b>	<b>11.44%</b>



# Board's Report

# Board's Report

Dear Members,

The Board of Directors of Utkarsh Small Finance Bank Limited (Bank or USFBL) is pleased to present the 8<sup>th</sup> Annual Report and the Audited Financial Statements of the Bank for the Financial Year ended, March 31, 2024

Our PRIDE - the guiding principle and values of the Bank, with an able leadership team, stood us in good stead and helped us tide over challenges.

FY23-24 has been the year where the Bank had reported the highest ever annual profit after tax of ₹498 crore. The Bank's capital plus reserves position crossed a milestone of ₹2,900 crore at the end of FY23-24 and Bank's loan portfolio and deposits registered healthy business growth.

## Key Performance Highlights:

Total deposits increased by 27% to ₹17,473 crore as on March 31, 2024, from ₹13,710 crore as on March 31, 2023

Net Advances increased by 25% to ₹16,365 crore as on March 31, 2024, from ₹13,069 crore as on March 31, 2023

The Bank's operating profit increased by 19% to ₹997 crore for FY23-24 from ₹838 crore in FY23-24.

The Bank reported highest ever annual profit of ₹498 crore for FY23-24.

The Bank witnessed improvement in asset quality with reduction in Net NPAs to 0.03% as on March 31, 2024 vs. 0.39% as on March 31, 2023.

The Bank's overall provision cover (including floating provision) was at 99% as on March 31, 2024.

The capital adequacy ratio of the Bank is 22.57% as on March 31, 2024.

The Bank's capital plus reserves increased to ₹2,973 crore as on March 31, 2024 from ₹2,000 crore as on March 31, 2023

There are 888 Branches spread across 22 States and 4 Union Territories as on March 31, 2024.

During the FY23-24, the Bank raised equity capital of ₹500 crore in July 2023 through its Initial public offering. The Bank's IPO witnessed a very good response from investors with overall subscription at more than 100 times.

## FINANCIAL PERFORMANCE

The financial highlights for the year under review are presented below:

Particulars	(Amount in ₹ crores)		
	FY 23-24 Audited	FY 22-23 Audited	Change in %
Deposits	17,472.60	13,710.14	27.44
Investments	3,679.47	2,859.42	28.68
Advances (Net)	16,364.81	13,068.77	25.22
Net Worth*	2,722.25	1,844.82	47.56
Net Interest Income	1,885.80	1,529.03	23.33
Other Income	400.40	299.31	33.78
<b>Operating Income</b>	<b>2,286.20</b>	<b>1,828.34</b>	<b>25.04</b>
Operating Expenses	1,288.94	990.01	30.19
Provisions and Contingencies	499.64	433.82	15.17
<b>Net Profit</b>	<b>497.63</b>	<b>404.50</b>	<b>23.02</b>
Gross NPA Ratio	2.51%	3.23%	(0.72)
Net NPA Ratio	0.03%	0.39%	(0.36)
Capital Adequacy Ratio	22.57%	20.64%	1.93
Business <sup>\$</sup> (Deposit plus Net Advance) per employee**	1.83	1.74	

\*Net worth computed as per RBI guidelines

<sup>\$</sup>Business is the total of net advances and deposits (net of inter-bank deposits)

\*\*Ratio is based on average employee count



(Amount in ₹ Crores)

Particulars	FY 23-24 Audited	FY 22-23 Audited	Change in %
Transfer to Statutory Reserve	124.41	101.13	23.02
Transfer to Capital Reserve	-	-	-
Transfer to Investment Fluctuation Reserve	5.94	(1.80)	(430.29)
Deduction during the year	-	(10.52)	(100.00)
Dividend for the year, Including Tax Thereon	-	-	-
Number of Branches	888	830	-
General Banking Branches	276	251	-
Micro Banking Branches	612	579	-
No. of Employees	16,081	15,424	-

## BUSINESS UPDATE AND STATE OF BANK'S AFFAIRS

The details on the state of affairs and the business update of the Bank are separately provided in the Management Discussion and Analysis Report, which forms an integral part of the Annual Report of the Bank. However, the summary of the Bank's performance has been covered hereunder:

### Liabilities Business

The Liabilities Business of the Bank, garnered through branches and alternate channels such as internet, mobile banking and fintech partnerships aims to build a sustainable liabilities franchise with a mix of Retail and Institutional deposits. During FY 23-24 the Bank built a deposits portfolio and the aggregate deposits of the Bank at the end of the year stood at ₹ 17,472.60 crore. While the total deposits of the Bank grew by 27% on YoY basis, the CASA deposit witnessed a growth of 25.09% (YoY). Further the share of CASA plus Retail Term Deposit (RTD) stood at 66.11% of total deposits.

During the period the Bank strategically focused on building a healthy and granular deposits profile. To further expand its outreach to a larger customer base, the Bank opened 25 General Banking (GB) branches during FY 23-24 including opening of branches in New States / UT's thereby increasing the Bank's GB branch network to 276 branches spread across 22 States and 04 Union Territories as on March 31, 2024. The Bank continued to set-up its GB branches primarily in metropolitan and urban locations with a potential for sizeable deposits mobilisation. The Bank further expanded presence of its Micro ATMs thereby providing cost efficient systems of offering basic banking facilities such as cash deposit, cash withdrawal, green pin generation among others.

In addition to strengthening the branch & ATM networks, the Bank further augmented its digital banking channels such as net banking, mobile banking, tab banking, digital onboarding, among others. During the period the Bank also expanded its bouquet of products and services to the customers including Digital Fixed Deposits, etc.

### Assets Business

As a Small Finance Bank (SFB), the Bank, which is primarily focussed on micro banking products, has diversified its product offerings to its customers viz. retail loans, unsecured loans, business loans, personal loans, and secured loans such as loans against property, wholesale lending that includes short term and long-term loan facilities to small and medium enterprises (SMEs), mid and large corporate and institutional clients and gold loans. In addition, the Bank offers housing loans with a focus on affordable housing. Our micro banking and retail loan products are primarily aimed at customers who are not a part of the formal banking infrastructure.

### Micro Banking

Micro banking business is spread across 166 districts covering 13 states and provides a comprehensive package of financial inclusion products and business development services to the underprivileged or low-income individuals or groups who have limited access to financial services. In micro banking, the Bank offers 'Joint Liability Group' (JLG) loans and business loans alongwith entire gamut of liabilities products through MB branches. In addition, the Bank provides micro banking loans through Business Correspondent (BC) partners.

The Bank provides group loans built on the peer-guarantee loan model (Joint Liability Group), which enables individuals to take loans without having to provide collateral or security on an individual basis while promoting credit discipline. This is achieved through mutual support within the group, prudent financial conduct among the group and prompt repayment of their loans.

During FY 23-24, JLG business through Micro Banking (MB) recorded a growth of 22.76% over the previous financial year. There were 33 new MB branches that were opened in FY 24.

In order to meet the increasing fund requirement of customers who have completed multiple loan cycles and are considered as matured borrowers, the Bank kept expanding Micro Banking business loans to eligible customers. The Bank provides individual loans especially to those who have begun their formal credit under JLG.

The total JLG portfolio of Micro Banking including MBBL and PMSvanidhi stood at ₹ 11,312.86 crore as on March 31, 2024, with a total base of more than 30 lakh clients.

The JLG portfolio through Business Correspondents reached ₹ 455.70 crore in FY 23-24. The Bank has Seven (7) Business Correspondents which are operating in nine (9) states covering 71 districts through 127 branches.

In FY 23-24, the Bank implemented several initiatives in its processes for JLG clients like e-signature and e-kyc which made the entire process paperless. AEPS was enabled at all the MB branches. To facilitate digital collections from MB clients, the Bank implemented SMS - linked payment, UPI and BBPS. The Bank also deployed Cash Management Services through third party to provide additional facility for payment of installments to its clients.

#### **Retail Loans:**

##### **Micro Small & Medium Enterprises (MSME):**

The Bank extends a diverse array of both secured and unsecured loans tailored to meet the needs of individuals and non-individual entities, including micro, small, and medium enterprises (MSMEs). We have curated specialized products with adaptable security prerequisites to enhance accessibility to credit for retail and MSME borrowers.

Throughout the fiscal year 23-24, our retail assets loan portfolio demonstrated robust growth, expanding by 67% year-on-year to ₹ 2,556.99 crore, compared to ₹ 1,534.09 crore in FY 22-23. The expansion in our MSME loan portfolio was propelled by the incorporation of new service locations and the introduction of a wide range of products to address diverse customer segments.

##### **Housing Loans (HL):**

The Bank provides comprehensive home loan solutions to individuals seeking financing for the construction, purchase, repair, and renovation of homes. We meticulously assess our customers' repayment capacity and offer bespoke loan solutions accordingly.

As of March 31, 2024, our Housing Loan portfolio, managed by our Mortgage team across 56 branches, amounted to ₹ 676.59 crore, marking a significant year-on-year growth of 30% compared to ₹ 519.25 crore as of March 31, 2023.

##### **Wheels**

The Wheels business was launched in Oct'2020 with products i.e. Commercial Vehicles & Construction Equipment Loans offered in Chandigarh, Delhi NCR, Jharkhand, Rajasthan, Uttarakhand, Uttar Pradesh & West Bengal regions from 15 branch outlets. As of March 31, 2024 these loans are offered from states of Bihar, Chandigarh, Delhi NCR, Haryana, Jharkhand, Madhya Pradesh, Punjab, Rajasthan, Uttarakhand, Uttar Pradesh & West Bengal from 44 branches. The Bank's wheels loan portfolio grew to ₹ 944.44 crore as on March 31, 2024 from ₹ 560.36 crore as on March 31, 2023.

The Loan book has grown by 69% from March 2023 to March 2024. Growth was driven by addition in new locations and new product offerings in Light & Intermediate Commercial Vehicles and fast moving Construction Equipment.

##### **Wholesale Banking Business**

The Wholesale lending vertical includes lending, and other banking services provided to corporate customers of the Bank.



The Bank's Wholesale Lending book stood at ₹ 1,882.41 crore as on March 31, 2024, compared to ₹ 1,546.81 crore as on March 31, 2023. The Wholesale banking business customers are being offered term loans for on-lending to their customers and overdraft for meeting their working capital requirement. In addition, it provides non fund based limits in the form of bank guarantee to the customers.

### Business Correspondent (BC)

The strategy of the Bank is to build its Asset portfolio through a combination approach.

- Own Branches
- Partnership Approach.

The partnership approach with a well-entrenched and networked individual/entity will help it gain significant presence in those markets of business interest. As on March 31, 2024 the Bank had a total loan book aggregating to ₹721.07 crore, in JLG ₹455.70 crore and Retail asset ₹265.37 crore with JLG contribution of 63% and Retail asset of 37%. This portfolio is being managed by 16 active BC partners (including 7 BC partners for JLG).

The Bank is further focussing on strengthening and deepening its BC partnerships including fintech partnerships for Retail Assets loans.

## FINANCIAL DISCLOSURES

### Capital Raising and Capital Adequacy Ratio

During FY 23-24, the Bank issued and allotted 20 crore Equity Shares (of face value of ₹ 10 each) at an issue price of ₹ 25 each through its Initial public offering.

The Bank also allotted 35,52,797 equity shares (of face value of ₹ 10 each) pursuant to exercise of vested ESOPs to employees (including Managing Director & CEO).

### Ratings

Nature of Instrument	Nature of Term	Credit Rating Agency	Credit Rating Assigned (At Present)	Revised on	Credit Rating Assigned (Earlier)
Subordinated Debt	Long term	ICRA	[ICRA] A+ (Stable)	June 04, 2024	[ICRA] A (Positive)
Certificate of Deposit	Short term	ICRA	[ICRA] A1+	N.A.	[ICRA] A1+
Subordinated Debt	Long term	CARE	CARE A+ (Stable)	September 20, 2023	CARE A (Positive)

The Bank's certificate of deposits programme is rated, at the highest credit rating grade, [ICRA] A1+ by ICRA Limited. As on March 31, 2024, the Bank's long term subordinated bonds were rated at A+ (Stable) rating by ICRA and CARE Ratings.

### Dividend

The Board of Directors at their meeting held on April 26, 2024 recommended final dividend of ₹ 0.50 per share (5%) on the equity share capital for the financial year ended on March 31, 2024 subject to shareholders approval.

### Transfer to Reserves

As required under RBI regulations, the Bank had transferred the following amount to reserves during the financial year ended March 31, 2024:

Transfer to / (from)	Amount in ₹ crores
Statutory Reserve	124.41
Investment Fluctuation Reserve	5.94
Capital Reserve	-
Deduction due to fraud provision	-

## Net Worth

As on March 31, 2024, the Bank's net worth (Capital + Reserves) was ₹ 2,973 crore.

## Internal Control and Compliance

The Bank's internal controls, policies and procedures are adequate and are reviewed periodically by the Internal Audit Department for all its business units. The Audit Committee and Board reviews the effectiveness of the control as per the regulatory requirements from time to time / regular intervals.

## CORPORATE GOVERNANCE

### Bank's Philosophy

The Corporate Governance report forming part of the Board's report for the year under review is attached separately as **Annexure A**.

### Constitution of the Board of Directors

The Board of Directors of the Bank is constituted in accordance with the provisions of the Companies Act, 2013 (Act), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (SEBI LODR), the Banking Regulation Act, 1949 (the BR Act, 1949) and the Articles of Association. The Board consists of eminent persons with considerable professional expertise in business administration, audit, banking, payment & settlement, compliance, account, finance, human resource, risk, strategy, information technology etc. Their experience and professional credentials helped the Bank to gain insights for strategy formulation, monitoring control framework and direction, and adding value to set a strong foundation, enabling the overall growth objectives.

As on March 31, 2024, the Board comprises of Eight (8) Directors consisting of - Seven (7) Non-Executive Directors, of which Five (5) are Independent Directors (including 1 woman Director), two (2) are Non-Executive Non-Independent Directors out of which one (1) is a Nominee Director; and one (1) Managing Director and Chief Executive Officer.

Further, in terms of Section 152 of the Companies Act, 2013, Mr. Muralidharan Rajamani, Non- Executive Non-Independent Director who retires by rotation this year, meets the fit and proper criteria as provided for under the RBI directions and as amended from time to time and being eligible offers himself for re-appointment at the 8<sup>th</sup> Annual General Meeting (AGM).

### Statement on Declaration from Independent Directors:

A declaration under section 149(6) & (7) of the Companies Act, 2013 has been obtained from each of the Independent Directors.

There was no change in the Board of Directors and Key Managerial Personnel during FY 23-24.

### Committees of the Board of Directors

For effective decision-making, the Board acts through various Committees, which oversee specific operational or strategic matters falling within the ambit of the specific terms of reference of that Committee. The Board has constituted 12 such Committees. All the Board Committees have a specific charter, and these Committees monitor activities falling within their terms of reference. Additional details of the Board Committees, its composition, attendance, meetings held during the FY 23-24 etc. have been provided separately in Corporate Governance Report.

### Board Evaluation:

The Board evaluation framework is designed in compliance with the requirements of the Companies Act, 2013 and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR). The Board evaluation was conducted through a questionnaire designed containing qualitative & quantitative parameters, the manner in which the evaluation was carried out is set out in the Corporate Governance Report which forms part of this report.

### Number of Meetings of the Board

During the period under review, thirteen (13) Board Meetings were held and the gap between the said meetings did not exceed the limit of 120 days as prescribed under the provisions of Companies Act and Rules made thereunder, Secretarial Standard-I Issued by the Institute of Company Secretaries of India and provisions of SEBI LODR. The dates of Board meetings and details of attendance of each Director have been disclosed in the Report on Corporate Governance annexed with Board's Report as **Annexure A**

### Meeting of Independent Directors

As per the requirement of Section 149(8) read with Schedule IV of Act and Regulation 25 of SEBI LODR, a meeting of the Independent Directors of the Bank is required to be held at least once a year in absence of non-independent directors.



Accordingly, the Independent Directors of the Bank met 2 (twice) on July 7, 2023 and March 14, 2024, chaired by Mr. Parveen Kumar Gupta and attended by all the Independent Directors of the Bank and discussed & reviewed inter alia below matters:

- Performance of Non-Independent Directors, the Board of Directors as a whole, and Chairperson of the Bank.
- Assessed the quality, quantity, and timeliness of flow of information between the management of the Bank and the Board of Directors that is necessary for the Board of Directors to perform their duties effectively and reasonably.
- Assessed whether adequate time is spent by the Board/Committees on discussions on important issues.
- Reviewed the criteria for evaluation of performance of Board Committees.

### **Familiarisation Programme for Independent Directors**

In accordance with Regulation 25(7) of SEBI LODR and RBI guidelines, the Bank conducts familiarisation programme for the Independent Directors to enable them to familiarise with the Bank, its Management, Bank's Business, and its operations for better understanding of their responsibilities, roles, and rights for effective contribution in sustainable growth of the Bank.

The Details of familiarisation programme policy is disclosed and on the website of the Bank under [https://www.utkarsh.bank/uploads/pdf/our-policy/template\\_ten/Policy-for-familiarisation-Programme-for-Directors.pdf](https://www.utkarsh.bank/uploads/pdf/our-policy/template_ten/Policy-for-familiarisation-Programme-for-Directors.pdf).

### **Declaration of Independence**

In accordance with provisions of Sections 149(6) and 149(7) of the Act, Schedule IV and Regulation 16(1)(b) and 25(8) of the SEBI LODR, the Bank has received necessary declarations/disclosures from all the Independent Directors confirming that they meet and comply with the criteria of independence. All the Independent Directors possesses requisite domain knowledge, experience, expertise, integrity, and proficiency as required under the Code applicable for Independent Directors as stipulated under Schedule IV of the Act and in terms of policies of the Bank.

### **Corporate Social Responsibility (CSR)**

In accordance with Section 135 of the Act, the Board of Directors on the recommendation of CSR Committee had approved the CSR Policy, which is available on the Company's website

[https://www.utkarsh.bank/uploads/template\\_forty\\_pdf/Corporate\\_Social\\_Responsibility\\_Policy.pdf](https://www.utkarsh.bank/uploads/template_forty_pdf/Corporate_Social_Responsibility_Policy.pdf).

In line with the statutory requirements under the Companies Act, 2013 and its CSR Policy, the Company had undertaken projects in the areas of financial literacy, health initiatives, skill and entrepreneurship development programmes and other philanthropic initiatives (supporting orphanages and care centres for the elderly).

During the year under review, the Bank spent ₹ 3.24 crore towards aforesaid CSR projects and ₹ 1.88 crore which was unspent was transferred to "Utkarsh Small Finance Bank Limited Unspent CSR Account FY 2023-24" with HDFC Bank Limited.

The required disclosure as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules 2014 is attached as **Annexure B** to this Report.

### **Secretarial Auditor and Secretarial Audit Report**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s BNP & Associates, Practicing Company Secretaries conducted the secretarial audit of the Bank for FY 23-24.

The Secretarial Auditor's Report for the FY 23-24 does not contain any qualification, reservation, or adverse remark. Report of the Secretarial Auditor for the FY 23-24 in Form MR-3 is annexed to this report as **Annexure C**

### **Business Responsibility and Sustainability Report & Sustainability Initiatives**

Basis the Market Capitalization as on March 31, 2024 published by the BSE Limited and National Stock Exchange of India Limited, the Bank is in the Top 1000 listed entities.

The Business Responsibility and Sustainability Report ("BRSR") is annexed with Board's Report as **Annexure D** and disclosed on the website of the Bank.

### **Status of Ind AS Implementation**

As per the RBI circular RBI/2015-16/315 DBR.BP.BC.No.76/21.07.001/2015-16 dated February 11, 2016 Implementation of Indian Accounting Standards (Ind AS), the Banks are advised to follow the Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guideline or direction issued by the RBI in this regard. The Banks in India currently prepare their financial statements as per the guidelines issued by the RBI, the Accounting Standards notified under Section 133 of the Act and Generally Accepted Accounting Principles in India (Indian GAAP). In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new

Indian Accounting Standards (Ind AS), which were based on convergence with the International Financial Reporting Standards (IFRS), for scheduled commercial Banks, insurance companies and non-banking financial companies (NBFCs). In March 2019, RBI deferred the implementation of Ind AS for Banks till further notice as the recommended legislative amendments were under consideration of Government of India.

The Bank had undertaken assessment of the I-GAAP & INDAS implementation & ensured its preparedness for Ind AS implementation under the oversight of a Management Level Committee Chaired by Managing Director & CEO alongwith CFO, CRO & other functional heads.

## STATUTORY DISCLOSURE

### Annual Return

As required under the provisions of Sections 92(3) and 134(3)(a) of the Companies Act, 2013 read with the rules framed thereunder, the Annual Return of the Bank in the prescribed Form MGT-7 for the year under review is available on the website of the Bank at the following link: <https://www.utkarsh.bank/investors>

### Conservation of Energy and Technology Absorption

The particulars to be disclosed under Section 134(3)(m) of the Companies Act, 2013, relating to conservation of energy and technology absorption does not apply to the Bank. The Bank is constantly pursuing its goal in upgrading technology to deliver quality service to its customers in a cost-effective manner.

### Foreign Exchange Earnings / Outgo

The Bank has foreign exchange earnings of ₹ 0.82 crore during the financial year under review which includes cross border settlements. There was no foreign exchange outgo during the financial year.

### Whistle Blower Policy (Vigil Mechanism)

The Bank, as a part of its prudent practice, has established a Vigilance Department to develop and execute a comprehensive strategy to deal with instances of fraud and mismanagement, if any, and as a preventive mechanism with active oversight, ensure holistic and smooth operations of the Bank on an ongoing basis. The Department is adequately staffed and conducts investigations on matters related to frauds committed and references received through whistle blower complaints.

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with rules made thereunder and RBI Guidelines and other applicable laws, the Bank has established the Vigil Mechanism as part of the Whistle Blower Policy. This empowers the Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or instances of leakage of Unpublished Price Sensitive Information (UPSI), misappropriation of assets or violation of the Bank's Code of Conduct. Additionally, the Bank places zero tolerance for any incidents of doubtful integrity and corruption by employees. Towards this end, all employees are trained to maintain high standards of integrity in their work area.

The Whistle Blower policy is aimed at enabling the staff to escalate instances of doubtful integrity, mismanagement, abuse/misuse of power, undue influence/coercion exercised for indulging in undesirable practices, violation of the Bank's Code of Conduct, ethics, and corruption. It also provides adequate safeguards against probable victimisation of directors/ employees who avail of this mechanism and allows direct access to the Chairperson of the Audit Committee of the Board, in appropriate or exceptional cases.

The Audit Committee of the Board (ACB) reviews the details of Whistle Blower complaints received, the subsequent action taken, and the functioning of the Whistle Blower mechanism periodically.

The Audit Committee of the Board oversees the Vigil Mechanism as well.

The Whistle Blower Policy is periodically communicated to the employees and the key highlights of the Policy are available on the Bank's website at the following link:

[https://www.utkarsh.bank/uploads/pdf/our-policy/template\\_ten/Whistle\\_Blower\\_Policy%20\\_Final.pdf](https://www.utkarsh.bank/uploads/pdf/our-policy/template_ten/Whistle_Blower_Policy%20_Final.pdf) wherein the email and contact details of the Chairperson of Audit Committee of the Board are provided to enable complainants to reach out with their complaints under the Whistle Blower Policy.

In addition to the above, the Bank has formulated a Vigilance Policy for effectively managing the risks arising on account of possible corruption, malpractices, and frauds.



## Vigilance & Security

The Bank has a Vigilance Department for investigating frauds, bribery cases, and complaints, including complaints received under the whistle-blower policy of the Bank.

Vigilance Department makes concerted efforts to reduce fraud, forgery, and burglary incidents in the Bank with the help of new ideas, technology, previous experiences, and adopting preventive vigilance measures with appropriate tools.

## Statutory Auditors

RBI, on April 27, 2021 had issued guidelines for appointment of Statutory Central Auditors/Statutory Auditors of Commercial Banks excluding RRBs, UCBs and NBFCs (including HFCs). As per the said guidelines statutory audit of entities with asset size of ₹15,000 crore and above as at the end of previous year, should be conducted under joint audit of a minimum of two audit firms. The audit firms can be appointed as the Statutory Auditors (SA) of the Bank for a continuous period of 3 years only and thereafter, reappointment in the same entity will be possible only after a cooling period of six years. Further, prior approval of RBI for appointment/reappointment of SAs on an annual basis is required in terms of the above guidelines.

Based on recommendation of Audit Committee of the Bank, the Board of Directors at its meeting dated March 14-16, 2024, had proposed the re-appointment of M/s. Deloitte Haskins and Sells, Chartered Accountants and M/s. Kirtane & Pandit LLP, Chartered Accountants as Joint Statutory Auditors of the Bank subject to approval of the Shareholders of the Bank and prior approval of the Reserve Bank of India (RBI). RBI vide their letter reference no. DOS.CO.RPD. No.S1519/08.60.005/2024-25 dated May 28, 2024 approved the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants (FRN 117365W) and M/s. Kirtane & Pandit, LLP, Chartered Accountants (FRN 105215W) as the Joint Statutory Auditors for FY 24-25 subject to the firms fulfilling the eligibility criteria as prescribed by RBI. Accordingly, the proposal for their appointment would be placed in the ensuing 8<sup>th</sup> Annual General Meeting.

## Employees Stock Option Plan (ESOP)

The Shareholders of the Bank had approved USFBL Employee Stock Option Plan 2020 (ESOP Plan 2020)

During the year ended March 31, 2024, the Bank has allotted 35,52,797 equity shares pursuant to the exercise of the vested options under the approved employee stock option scheme.

Under the ESOP Plan 2020, the Bank may grant upto 6,07,41,778 options under the ESOP Plan 2020.

The certificate from the Secretarial Auditor of the Bank that the scheme(s) has been implemented in accordance with these regulations and in accordance with the resolution of the company in the general meeting forms part of this report as **Annexure - E**.

Compliance certificate pursuant to Part F of Schedule – I of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 forms part of this report as **Annexure - F**.

## Deposits

Being a Banking Company, the disclosures required as per Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, read with Section 73 and 74 of the Companies Act, 2013 are not applicable.

## Awards & Recognition

- Most Trusted BFSI Brands by Team Marksmen Daily – 2023-24
- Most Preferred Workplace 2023-2024 (BFSI Edition) By Marksmen Daily
- Employee Excellence 2023 by the Times Group – ET EDGE
- Best Tech Talent & Organization category in the Small Finance Bank segment by Indian Banks Association (IBA) in January 2024
- Mr. Alok Pathak was recognized as the Chief Risk Officer of the year at BSFI Convex by Gain Skills Media Company
- Credit Modeling & Risk Team of the Year Award at the India Credit Risk Summit & Awards
- APY Excellence Award – Q1, 2023
- Best Emerging Business Partner by Volvo Eicher Commercial Vehicles (VECV) for Bihar – Q1, 2023
- Best Customer Experience at 18<sup>th</sup> Annual Summit and Awards by ASSOCHAM - 2023
- Best Customer Experience Strategy by India Customer Excellence (CX) Summit & Awards 2023

## Particulars of Employees

The ratio of the remuneration of each Director to the employees' median remuneration and other details in terms of sub-section 12 of Section 197 of Companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given below: -

- (i) the ratio of the remuneration of each Director to the median remuneration of the employees of the Bank for the FY 23-24:

Name of Director	Designation	Ratio
Mr. Parveen Kumar Gupta	Part time Non-Executive Chairman of the Board	4.7:1
Mr. Govind Singh	Managing Director and Chief Executive Officer	101.1:1

Apart from sitting fees, the Bank does not pay any remuneration to any Non-Executive Directors. The part time Non-Executive Chairman of the Board is entitled to a monthly remuneration, as approved by the RBI and the Shareholders of the Bank.

- (ii) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the FY 23-24 are as follows:

Name of Director/KMP	Designation	Percentage (%) Increase
Mr. Parveen Kumar Gupta	Part time Non-Executive Chairman	No increment
Mr. Govind Singh	Managing Director and Chief Executive Officer	10% increment in fixed remuneration in FY23-24
Mr. Sarjukumar Pravin Simaria	Chief Financial Officer	17.67% increment in fixed remuneration in FY23-24
Mr. Muthiah Ganapathy	Company Secretary & Compliance Officer	10% increment in fixed remuneration in FY23-24

\*As per RBI approval, there is increment of 10% in fixed remuneration of MD & CEO in FY 23-24 This is excluding variable remuneration of ₹ 1.36 crore for FY22-23 approved in FY23-24.

The percentage increase in the median remuneration of employees in the financial year was 10.44%

- (iii) The number of permanent employees on the rolls of the Bank, as on March 31, 2024, was 16,081 (includes 13,777 male employees and 2,304 female employees).
- (iv) Average percentile increase already made in the remuneration of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration.
- (v) Average increase in remuneration is 10.42% for employees other than managerial personnel and 0.02% for managerial personnel (Executive Directors including Managing Director and Chief Executive Officer, Chief Financial Officer, and Company Secretary).
- (vi) The key parameters for any variable component of remuneration availed by the Directors are as specified in the Remuneration Policy.
- (vii) Affirmation that the remuneration is as per the remuneration policy of the Bank. The Bank is in compliance with its Remuneration Policy.

The statement containing particulars of employees as required under Section 197(12) of Companies Act 2013 read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. In terms of Section 136 of Companies Act 2013, the Annual Reports are being sent to the members, excluding the information as required under Rule 5(2) as mentioned aforesaid and the same is open for inspection at the Registered Office of the Bank. A copy of this statement may be obtained by the members by writing to the Company Secretary of the Bank at [secretarial.usfb@utkarsh.bank](mailto:secretarial.usfb@utkarsh.bank).

## Remuneration Policy

### Remuneration Policy for Directors

In terms of the provisions of Companies Act 2013, SEBI LODR and applicable provisions of the Banking Regulation Act, 1949, the Board on the recommendation of the Nomination & Remuneration Committee (NRC), formulated Remuneration Policy for the remuneration of Directors, Key Managerial Personnel (KMPs) & Senior Management Officials.



The Nomination and Remuneration Policy is available on the website of the Bank at the following link: [https://www.utkarsh.bank/uploads/template\\_forty\\_pdf/NRC\\_Policy.pdf](https://www.utkarsh.bank/uploads/template_forty_pdf/NRC_Policy.pdf)

### **Remuneration of Executive Directors**

The Board considered the recommendation of NRC and approved the revision in remuneration of Managing Director and Chief Executive Officer in their meeting held on June 09, 2023, subject to members and regulatory approvals. The Bank received RBI approval vide their letter dated October 06, 2023 and shareholders approval on September 23, 2023.

The remuneration payable to Managing Director and Chief Executive Officer is subject to prior approval of the RBI. Therefore, the remuneration or any revision in the remuneration is payable only after receipt of approval from RBI.

### **Remuneration of Part Time Non-Executive Chairman**

The remuneration payable to the Part Time Non-Executive Chairman is subject to prior approval of RBI. Therefore, the remuneration or any revision in remuneration of the Part Time Non-Executive Chairman is payable only after receipt of approval from RBI.

### **Remuneration of Non-Executive Directors (NEDs)**

The NEDs (excluding Nominee Directors of the Bank) are paid sitting fees for attending each meeting of the Board of Directors or any Committee thereof. The NEDs are also entitled to reimbursement of expenses for participation in the meetings of the Board and Committees thereof.

RBI vide Circular No. RBI/2023-24/121, DoR.HGG.GOV.REC.75/29.67.001/2023-24 dated February 09, 2024, issued Guidelines on Compensation of Non-Executive Directors of Private Sector Banks emphasizing that in order to enable banks to attract and retain professional Directors, it is essential that such Directors are appropriately compensated.

Pursuant to the aforesaid RBI Circular, the maximum amount that can be paid as commission was capped at ₹ 30 lakh per Director, per annum. Also, Section 197 of Companies Act 2013 permits payment of profit-based commission to the Directors who are neither managing directors nor whole-time directors, not exceeding one percent (1%) of the net profits of the Bank, if there is a managing or whole-time director or manager; in any other case three per cent (3%) of the net profits.

During FY 23-24, the Bank has not paid any commission on profit or granted any stock options to NEDs. However, the Board of Directors at the recommendation of Nomination & Remuneration Committee at their respective meetings held on April 26, 2024 approved the proposal of payment of remuneration to NEDs (other than Part Time Non-Executive Chairman and Nominee Directors) subject to approval of shareholders. The Bank received shareholders approval on the proposal for payment of remuneration to NEDs vide resolution passed by remote E-voting on June 13, 2024.

### **Transfer to the Investor Education and Protection Fund ("IEPF")**

In accordance with Section 124 and 125 of the Companies Act, 2013 ("Act") read with applicable rules, as amended, there was no unclaimed/unpaid dividend or shares or interest liable to be transferred to the IEPF during the FY 23-24.

Further, details of the unclaimed/un-encashed interest/dividends lying in the unpaid dividend accounts as on end of the financial year are provided on website of the Bank at

[https://www.utkarsh.bank/uploads/pdf/disclosures/template\\_eleven/IEPF\\_2\\_unclaimed\\_interest\\_March\\_31\\_2023.pdf](https://www.utkarsh.bank/uploads/pdf/disclosures/template_eleven/IEPF_2_unclaimed_interest_March_31_2023.pdf).

### **Capital Structure & Fund Raising**

The Bank during FY23-24 had completed the process of initial public offer and raised ₹500 crore by issue of 20 crore equity shares which got listed on both BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on July 21, 2023.

During the period under review, the Authorised Share Capital of the Bank is as follows:

1,30,00,00,000 Equity shares of ₹ 10 each

20,00,00,000 Preference shares of ₹ 10 each Issued, subscribed and Paid-up capital as on March 31, 2024

1,09,94,57,460 Equity shares of ₹ 10 each

### Other Statutory Disclosures:

The Bank is in the list of Top 1000 listed entities of India as per list published by the BSE Limited and National Stock Exchange of India Limited basis the market capitalization as on March 31, 2024.

The Bank has not changed its nature of business during FY 23-24.

Pursuant to Section 186(11) of the Companies Act, 2013, loans made, guarantees given or securities provided or acquisition of securities by a banking company in the ordinary course of its business are exempted from disclosure in the Annual Report.

All related party transactions that were entered into during FY 23-24 were on an arm's length basis and in the ordinary course of business and accordingly, AOC - 2 is not applicable to the Bank. There are no materially significant related party transactions entered into by the Bank with Directors, KMP or other designated persons, which may have a potential conflict with the interest of the Bank at large. The Bank has Related Party transactions policy in place for identification and monitoring of any potential related party transactions.

There were no significant/material orders passed by the Regulators / a Court / Tribunal etc. during FY 23-24, which would impact the going concern status of the Bank and its future operations. However, during the FY 23-24, SEBI vide their order dated September 20, 2023 imposed a monetary penalty of ₹ 1,00,000/- on the Bank in the matter of NCDs of ₹ 25 crore issue to Karvy Capital Limited.

There was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year under review.

The details of Risk Management Policy & its framework are separately provided in the Management Discussion and Analysis Report.

The Bank is a subsidiary company of Utkarsh CoreInvest Limited. The Bank does not have subsidiary or associate company. Hence the details of sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 are not applicable to the Bank.

The provisions for maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 are not applicable to the Bank.

There are no adverse observations/qualifications in the Statutory Auditors' Report. Further, pursuant to Section 143(12) of the Companies Act, 2013, the Statutory Auditors of the Bank have not reported any instances of frauds committed in the Bank by its officers or employees.

All recommendations of the Audit Committee were approved by the Board.

Proper internal financial controls are in place, and that the financial controls have been adequate and operating effectively.

There are no material changes and commitments, affecting the financial position of the Bank that have occurred between the end of the financial year of the Bank i.e. FY 23-24 and the date of the Boards' Report

## C. OTHER DISCLOSURES

### Code of Conduct

For a financial institution, transparency and the highest standards of corporate governance are important prerequisites for establishing a compliance-oriented bank. Towards this end, the Bank endeavours to ensure that all its activities are fairly aligned with the highest standards of personal and professional integrity and the highest level of ethical conduct. The Bank has adopted a Code of Conduct and norms for the avoidance of conflict of interest, all the Senior Management officials, KMPs, employees with loan sanctioning authority, employees directly related with sourcing/servicing corporate or wholesale banking relationships and employees directly involved in the procurement of goods and services, conduct duties according to the aforesaid Code of Conduct. Some of the areas that have been covered by the Code of Conduct are: fairness of employment practices, protection of intellectual property, integrity, customer confidentiality and conflict of interest. The Bank's Code of Conduct for Directors and Senior Management is hosted on the website of the Bank at

[https://www.utkarsh.bank/uploads/pdf/ourpolicy/template\\_ten/CODE\\_OF\\_CONDUCT\\_FOR\\_THE\\_BOARD\\_OF\\_DIRECTORS\\_AND\\_SENIOR\\_MANAGEMENT\\_PERSONNEL.pdf](https://www.utkarsh.bank/uploads/pdf/ourpolicy/template_ten/CODE_OF_CONDUCT_FOR_THE_BOARD_OF_DIRECTORS_AND_SENIOR_MANAGEMENT_PERSONNEL.pdf).



### **Know Your Customer (KYC) / Anti-Money Laundering (AML)**

The Bank adheres to the RBI's KYC / AML Guidelines issued from time to time. The Bank's KYC / AML Policy has been prepared in accordance with the Prevention of Money Laundering Act, 2002 (PMLA) and RBI / Indian Banks' Association (IBA) guidelines, amended from time to time. The Bank complies with various regulatory reporting requirements, as set out by the Financial Intelligence Unit (FIU) of the Government of India. The Bank has a transaction monitoring mechanism in line with regulatory requirements with an automated system solution, closely monitored by a centralised AML team. The Bank's employees are imparted training on KYC / AML aspects regularly. Executives of the Bank also attend periodic workshops/seminars organised by FIU - IND, RBI, IBA and National Institute of Bank Management (NIBM) to enhance their awareness in these aspects. Recent changes as contained in the PMLA notifications and RBI guidelines have been followed and embedded in the customer acquisition processes of the Bank. The Bank's KYC/AML Policy is duly reviewed by the Board on annual basis taking into account the various amendments to guidelines / regulations.

### **Prevention of Sexual Harassment**

The Bank is committed to create a safe environment where all employees are treated with respect and dignity. The Bank takes a strong stand and has zero-tolerance policy on the issue of sexual harassment at workplace. We follow all the guidelines prescribed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and seek to protect women from sexual harassment at the place of work.

The Prevention of Sexual Harassment Policy (POSH Policy) at Utkarsh Small Finance Bank is gender neutral and is implemented for all employees and other stakeholders/ partners. Any complaint of sexual harassment made against any individual working within the Bank's premises, including third-party vendors, is investigated in line with this POSH Policy.

The Internal Complaints Committee (ICC) of the Bank deals with all complaints relating to sexual harassment and has laid down the processes and guidelines pertaining to sexual harassment related complaints. The Bank does not tolerate any form of sexual harassment and all individuals of the Bank are responsible to ensure a workplace free of harassment.

POSH Policy is applicable to all employees (permanent/ fixed term/ on contract) of the Bank across the Board and is equally applicable to all genders, grades, and stakeholders of the groups.

The POSH Policy is periodically communicated to all employees and is available on the Bank's website for information and compliance thereof.

[https://www.utkarsh.bank/uploads/policy/Prevention\\_of\\_Sexual\\_Harassment\\_Policy.pdf](https://www.utkarsh.bank/uploads/policy/Prevention_of_Sexual_Harassment_Policy.pdf)

For FY 23-24, a total of 10 cases were reported under POSH. Out of 10 cases, 09 cases have been resolved and 01 cases are under investigation.

### **Human Resources**

The Bank's Human Resources Policy (HR Policy) is aligned for the achievement of the Bank's vision and mission and constant efforts are made to motivate its employees for excellence in performance and at the same time endeavors to provide a better work-life balance through various employee welfare activities.

In its constant endeavours to promote learning and capacity building of all its employees, the Bank utilised its "Learning Management System (Utkarsh U-Learn)" to engage its employees through continuous educational programs delivered via e-modules and virtual classrooms.

### **Technology**

In FY 23-24, our focus continued with our transformation agenda and delivering secured services to our customers. The IT intent remains towards making products user friendly and secure so that users can manage effortlessly.

For us, Information Technology is an important driver for improving the efficiency & productivity of the organization. This is a major differentiator, and the Bank is constantly working on enhancement of existing technology solutions and engaging with new technology / technology partners to achieve business growth.

Our digitization and automation journey mainly focus on two fundamental aspects. First, transforming the Bank through new platforms and customer experiences offered shall be the best-in-class products and services through our digital enhancements. Second, running the Bank efficiently by reinforcing our core technologies with enhanced performance and resilience at scale, to achieve organization vision and business growth.

The Bank continues strengthening IT horizon initiatives like cash less collection through QR code or through billdesk UPI or through Spice Money channel, Paperless banking experience by introducing e-Sign feature, Interoperable Cardless Cash withdrawal (ICCW) initiative, etc. Implemented Lead Management System (LeMS) to cater leads from multiple channels. Collection System for tracking loan repayments, Personal Loan Processing system on Salesforce platform, upgradation to new age Bank Website, etc. Along with these initiatives, the Bank implemented API Manger and Middleware platform to ensure centralized management of all API for smooth and secured integration within systems and FinTech. Enhanced Digital customer onboarding platform for current accounts and fixed deposits along with existing saving bank. Introduced Credit Card Product for the Bank. The Bank upgraded data centre Infrastructure with latest hardware. Further strengthened regulatory reporting systems like ADF, CIMS, Finnet 2.0, etc.

Utkarsh Small Finance Bank has received an award from Indian Banks Association (IBA) for Best Tech Talent & Organization category in the Small Finance Bank segment in January 2024.

As a Business Technology Transformation Project (AbhiVridhi), the Bank engaged with external consultant. The last financial year bank completed Transformation study to review existing product and Technology. This financial year, the Bank initiated "Design and Implementation" phase of Abhivridhi projects where cloud strategy for the Bank has been finalized and vendor evaluation initiated for identified applications / systems.

### Compliance with Secretarial Standards

The Bank has complied with the provisions of Secretarial Standards specified by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs under Section 118(10) of the Companies Act, 2013.

### Completion of Settlement Proceedings with SEBI

During FY23-24, the Bank completed prolonged settlement application w.r.t. SEBI LODR reporting non-compliances for prior period vide SEBI's settlement order dated April 10, 2024. The Bank had paid settlement amount of ₹1,24,23,600/- to SEBI on March 27, 2024

### Basel III (Pillar 3) Disclosures:

RBI Master Circular DBR.No.BP.BC.4/21.06.001/2015-16 dated July 01, 2015, on 'Prudential guideline on Capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF)' requires banks to make Pillar 3 disclosures, as applicable. These disclosures have not been subjected to audit or limited review. These disclosures are available on the Bank's website at <https://www.utkarsh.bank/>

### Prospects

FY24 has been excellent year from financial performance perspective for the Bank. The Bank had reported highest ever annual profit after tax of ₹498 crore in FY 23-24. The Bank's loan portfolio and deposits registered healthy business growth. The Directors are of the view that there is immense opportunity to cater to the unserved and underserved sections of client base in the country, particularly the area in which the Bank is currently operating.

### Directors' Responsibility Statement

As per the requirements of Section 134(3)(c) of the Companies Act, 2013, the Directors hereby confirm and declare that:

In the preparation of the annual accounts for the financial year ended March 31, 2024, the applicable accounting standards have been followed, and there is no material departure from the same.

The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as on March 31, 2024, and of the profit of the Bank for the year ended March 31, 2024.



The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.

The Directors have prepared the annual accounts for the financial year ended March 31, 2024 on a going concern basis.

The Directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and operating effectively.

The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws, and that such systems were adequate and operating effectively.

### **Acknowledgement**

The Board expresses its gratitude to the Central and State Governments, Reserve Bank of India, Ministry of Corporate Affairs, SEBI, NABARD, SIDBI, MUDRA, NHB and all other Regulatory Authorities including Local Governing Bodies for the continuous support and guidance provided to the Bank.

The Board appreciates the precious support provided by the Auditors, Lawyers and Consultants. We place on record our appreciation for the contribution made by our employees at all levels. Our consistent growth has been made possible by their hard work, solidarity, cooperation, and support.

The Directors wish to place on record their gratitude to Shareholders of the Bank for the confidence reposed by them and thank all the clients, dealers, and other business associates for their contribution to the Bank's growth and for extending their assistance and co-operation.

The Directors also express their gratitude to all stakeholders and partners for extending their support.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: June 15, 2024

**Parveen Kumar Gupta**  
Director  
DIN – 02895343

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

## Annexure A to the Board's report

### Corporate Governance Report

#### 1) A brief statement on listed entity's philosophy on code of governance

The Bank believes in adopting and adhering to the best recognized corporate governance practices and continuously benchmarking itself against each such practice. The Bank understands and respects its role and responsibility towards its shareholders and strives hard to meet their expectations. The Bank's philosophy on corporate governance is to promote the culture of customer centricity, accountability, integrity, sustainability, transparency and ethics, which enables the Bank to conduct itself in the right way while dealing with all its stakeholders.

The Bank has a robust governance structure in place, led by an independent and diverse Board of Directors (Board). The Board believes in prompt and clear communication to its stakeholders, which reflects the internal functioning at the Bank.

The Bank believes that best board governance practices, transparent disclosures and shareholder empowerment are necessary for creating shareholder value. The Bank has infused the philosophy of corporate governance into all its activities.

The Bank's governance framework is based on the following principles:

1. Appropriate composition and size of the Board, with each member bringing in expertise in their respective domains.
2. Availability of information to the members of the Board and Board Committees to enable them to discharge their fiduciary duties.
3. Involvement of Board and vital role in improving and maintaining the Banks processes and practices from time to time.
4. Timely disclosure of material operational and financial information to the stakeholders.
5. Systems and processes in place for internal control and proper business conduct by the Board, Senior Management and employees.

#### 2) Board of directors:

##### a. Composition and Category of Directors:

The Board of Directors ("Board") of the Bank as on March 31, 2024 comprises of Eight Directors. The composition and category of Directors is as follows:

During the FY 2023-24, there was no change in the composition of the Board and the composition of the Board is in conformity with Companies Act, 2013, Reserve Bank of India Act, 1934 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

Category of Directors	Name of Directors	DIN	Inter-se Relationship between Directors
Part Time Non – Executive Chairman and Independent Director	Mr. Parveen Kumar Gupta	02895343	None
Independent Directors	1. Mr. Ajay Kumar Kapur	00108420	
	2. Mr. Kajal Ghose	07702190	
	3. Ms. Kalpana Prakash Pandey	06715713	
	4. Mr. Nagesh Dinkar Pinge	00062900	
Nominee Director of SIDBI	Mr. Chandra Shekhar Thanvi	00563531	
Non-Executive and Non-Independent Director	Mr. Muralidharan Rajamani	01690363	
Managing Director and Chief Executive Officer	Mr. Govind Singh	02470880	

More than half of the non-executive directors on the Board are Independent Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Companies Act, 2013 along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware



of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. Independent Directors of the Bank have submitted their annual declarations with respect to the criteria of independence as stipulated under the provisions of the Companies Act, 2013, SEBI Listing Regulations, the Banking Regulation Act, 1949, and the guidelines issued by the Reserve Bank of India ("RBI") from time to time and in the opinion of Board the independent directors meet the criteria of independence laid down thereunder and are independent of the management.

None of the non – executive Directors hold shares and / or convertible instruments, if any, of the Bank as on March 31, 2024. Further, no Independent Director has resigned from the Bank before the expiry of their tenure during FY 2023-24.

#### **b. Board Meetings and Attendance:**

The Board assembles at regular intervals to discuss and decide crucial matters and strategies to attain the goal in efficient manner and to cope up with the dynamic and competitive environment.

During FY 2023-24 the Board met 13 (Thirteen) times and the gap between two consecutive meetings did not exceed 120 days. The meetings of the Board were held on the following dates:

1. Friday, April 28, 2023
2. Thursday, June 01, 2023
3. Friday, June 09, 2023
4. Thursday, July 06, 2023
5. Monday, July 17, 2023
6. Monday, July 24, 2023
7. Tuesday, August 08, 2023
8. Saturday, September 23, 2023
9. Saturday, November 04, 2023
10. Wednesday, December 20, 2023
11. Thursday, January 11, 2024
12. Saturday, January 27, 2024
13. Thursday, March 14, 2024

Sr. No.	Name of the Director	Attendance particulars for the year ended March 31, 2024		
		Number of Board Meetings Entitled to attend	Number of Board Meetings attended	Last AGM held on June 12, 2023
1.	Mr. Parveen Kumar Gupta	13	13	Yes
2.	Mr. Ajay Kumar Kapur	13	13	Yes
3.	Mr. Chandra Shekhar Thanvi	13	09	No
4.	Mr. Kajal Ghose	13	13	Yes
5.	Ms. Kalpana Prakash Pandey	13	12	No
6.	Mr. Muralidharan Rajamani	13	13	Yes
7.	Mr. Nagesh Dinkar Pinge	13	13	Yes
8.	Mr. Govind Singh	13	13	Yes

### c. Other Directorships

Sr. No.	Name of the Director	Other Directorships <sup>1</sup>	Committee Memberships <sup>2&amp;3</sup>	Committee Chairmanships <sup>2</sup>	Other Listed entities in which they hold Directorship	Category of Directorship in other Listed Entities	No. of Shares held by Directors in the Bank <sup>4</sup>
1.	Mr. Parveen Kumar Gupta	1	7	0	- India Shelter Finance Corporation Ltd	Non-Executive - Independent Director	Nil
2.	Mr. Ajay Kumar Kapur	0	3	0	-	-	Nil
3.	Mr. Chandra Shekhar Thanvi	0	0	0	-	-	Nil
4.	Mr. Kajal Ghose	0	1	0	-	-	Nil
5.	Ms. Kalpana Prakash Pandey	0	2	0	-	-	Nil
6.	Mr. Muralidharan Rajamani	0	1	1	-	-	Nil
7.	Mr. Nagesh Dinkar Pinge	3	8	4	- Goa Carbon Limited - Arvind Fashions Limited - Automobile Corporation of Goa Limited	Non-Executive - Independent Director	Nil
8.	Mr. Govind Singh	0	1	0	-	-	4,83,546

#### Notes:

- The above number of other directorships does not include Directorships in Private Limited, Foreign and Section 8 Companies.
- The Committee Memberships and Chairmanships in Companies include Memberships and Chairmanships of Audit and Stakeholders' Relationship Committee only.
- The Committee Memberships include Chairmanships as well.
- Mr. Govind Singh holds 4,83,546 Equity Shares in his individual capacity and 1 Equity Share as a nominee on behalf of our Promoter.

### Familiarisation Programme

Regulation 25(7) of the SEBI Listing Regulations requires listed Companies to conduct familiarisation programme for the Independent Directors so as to familiarise them with the Bank, their roles, rights, responsibilities in the Bank, nature of the Bank in which the Bank operates, business model of the Bank, etc. Utkarsh Small Finance Bank Limited facilitates the members of its Board to familiarise themselves with the Bank and its operations to enable them to gain in-depth and thorough understanding about the perspective of the Bank. The web link of the Policy for Familiarisation is mentioned below: [https://www.utkarsh.bank/uploads/pdf/our-policy/template\\_ten/Policy-for-familiarisation-Programme-for-Directors.pdf](https://www.utkarsh.bank/uploads/pdf/our-policy/template_ten/Policy-for-familiarisation-Programme-for-Directors.pdf)

### d. Board Skill Matrix

The Board comprises of qualified members who bring in skills, competence and expertise that enable them to make effective contributions to the Bank's working. The Board of Directors have expertise and extensive experience in the fields as given below. They uphold ethical standard, integrity and probity and exercise their responsibility in the best interest of the Bank and all stakeholders.

The expertise of the Board Members is as given below:

Sr. No.	Name of Directors	skills / expertise / competence
1.	Mr. Parveen Kumar Gupta	Banking, Accountancy, Finance, Agriculture and Rural economy, Risk Management, retail and Digital Baking, Business Management, Credit Recovery, Treasury Management, SEBI related Laws/Regulations and Corporate Governance.
2.	Mr. Ajay Kumar Kapur	Risk Management and Strategic Planning, Banking, Finance, Agriculture and Rural economy, Small Scale Industry
3.	Mr. Chandra Shekhar Thanvi	Banking, Credit Recovery, Rural economy, Small Scale Industry.
4.	Mr. Kajal Ghose	Banking, Agriculture and Rural economy, Accountancy, Finance, Information Technology, Human resources.



Sr. No.	Name of Directors	skills / expertise / competence
5.	Ms. Kalpana Prakash Pandey	Banking, Finance, Information Technology, Risk Management, Agriculture and Rural economy, Credit bureau.
6.	Mr. Muralidharan Rajamani	Banking, Economics, Human resources, Business Management, Digital Banking, Risk Management, Agriculture and Rural economy.
7.	Mr. Nagesh Dinkar Pinge	Banking, Accountancy, Finance, Agriculture and Rural economy, Risk Management, Taxation Laws, Corporate Governance.
8.	Mr. Govind Singh	Banking, Agriculture and Rural economy, Small Scale Industry, Business Management, Risk Management, Credit Recovery and Treasury Management.

### 3) Audit Committee (AC)

Composition of the Audit Committee and the terms of reference are in compliance with the requirements under Section 177 of the Companies Act, 2013 ('Act') and Regulation 18 of the Listing Regulations.

#### a. Brief Description of Terms of Reference

1. Recommendation for appointment, remuneration and terms of appointment of auditors of the Bank.
2. Review and monitoring the auditor's independence and performance, and effectiveness of audit process.
3. Examination of the financial statement and the auditors' report thereon.
4. Scrutiny of inter-corporate loans and investments.
5. Evaluation of internal financial controls and risk management systems.
6. Monitoring the end use of funds raised through public offers and related matters.
7. Providing direction and to oversee the operation of the audit function.
8. Review of the internal audit system with special emphasis on its quality and effectiveness.
9. Review of internal and concurrent audit reports of large branches with a focus on all major areas of housekeeping, particularly inter branch adjustment accounts, arrears in the balancing of the books, unreconciled entries in inter-Bank accounts and frauds.
10. Discussion on the matters related to frauds.
11. Discussion and follow up for the audit observations relating to long form audit report.
12. Discussion and follow up for the observations relating to inspection report / risk assessment report of the RBI.
13. Review the system of appointment of concurrent auditors and external auditors.
14. Review of our Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
15. Approval of payments to statutory auditors for other services rendered by them.
16. Review with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to modified opinion(s) in the draft audit report:
  - Review and Approval of matters required to be included in the Director's Responsibility Statement in the Board's report in terms of clause (5) of section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies & practices and reasons for the same.
  - Review of major accounting entries involving estimates based on the exercise of judgment by the management.
  - Review of Significant adjustments made in the financial statements arising out of audit findings.
  - Review of Compliance with statutory and legal requirements relating to financial statements.
  - Review of disclosure of any related party transactions.
  - Review and discuss qualifications in the draft audit report.

17. Review, with the management, the quarterly financial statements before submission to the Board for approval along with Auditors Review Report.
18. Review, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, qualified etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the Board for taking steps in the matter
19. Review with the management, performance and independence of statutory and internal auditors, adequacy of the internal control systems and effectiveness of audit process.
20. Obtain and review quarterly/half yearly reports of the Compliance Officer.
21. Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing, seniority of the official heading the department, reporting structure, coverage, and frequency of internal audit.
22. Discuss with internal auditors any significant audit findings and follow up thereon.
23. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to our Board.
24. Discuss with statutory auditors, before the commencement of audit, the nature and scope of audit as also conduct post-audit discussion to ascertain any area of concern.
25. Analysis of the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
26. Review of the functioning of the whistle blower-cum-vigil mechanism.
27. Approval of the appointment of the head of internal audit / chief internal audit officer before finalisation of the same by the management. While approving the appointment, Audit Committee shall assess the qualifications, experience, background etc. of the candidate.
28. Approval or any subsequent modification of transactions of the Bank with related parties.
29. Valuation of undertakings or assets of the Bank, wherever it is necessary.
30. Review of information system audit and cyber security audit reports.
31. Discussion and follow up for audit observations relating to Information System audit and Cyber Security Audit.
32. Approving the appointment of the Chief Financial Officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate.
33. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by our Board and/or specified/provided under the Companies Act or the Listing Regulations or by any other applicable law.
34. Reviewing the utilisation of loans and/ or advances from/investment by the holding Bank in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
35. Discussion and follow up for audit observations relating to Information System audit and Cyber Security Audit.
36. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
37. Approval or any subsequent modification of transactions of the Bank with related parties provided that the Audit Committee make omnibus approval for related party transactions proposed to be entered into by the Bank subject to such conditions as may be prescribed.







38. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and
  - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
39. The Audit Committee shall mandatorily review the following information.
- Management's discussion and analysis of financial condition and results of operations.
  - Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management
  - Management letters/ letters of internal control weaknesses issued by the statutory auditors.
  - Internal audit reports relating to internal control weaknesses.
  - The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee and
  - Statement of deviations
  - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the Listing Regulations; and
  - annual statement of funds utilised for purposes other than those stated in the document/ prospectus/ notice in terms of the Listing Regulations
  - The powers of the Audit Committee shall include the following:
    - To investigate any activity within its terms of reference.
    - To seek information from any employee.
    - To obtain outside legal or other professional advice; and
    - To secure attendance of outsiders with relevant expertise, if it considers necessary.
40. Review and assess the policy and processes established by the Bank to monitor conformance with its code of conduct policies by all employees of the Bank.
41. Review and approve the internal audit charter at least annually.
42. To forward to the board an annual report, summarizing the Internal Audit activities and recommendations. The report may include the summary of the work the audit performed, management's progress in addressing the result of internal and external audit reports, enhancing required control and compliance process, any other matters it deems of sufficient importance.
43. To have unrestricted access to the members of the management, employees, and relevant information it is considered necessary to discharge its duties. The committee will also have unrestricted access to records, data, and reports.

## b. Meetings and Composition

Ten meetings of AC were held during the financial year ended March 31, 2024:

- Friday, April 28, 2023
- Thursday, June 01, 2023
- Friday, June 09, 2023
- Thursday, July 06, 2023
- Tuesday, August 08, 2023
- Friday, September 22, 2023
- Saturday, November 04, 2023
- Thursday, December 14, 2023
- Saturday, January 27, 2024
- Monday, March 04, 2024

Sr. No.	Name of the Director	Position in the Committee	Number of Meetings entitled to attend	Number of Meetings attended
1.	Mr. Nagesh Dinkar Pinge		10	10
2.	Mr. Ajay Kumar Kapur		10	10
3.	Mr. Kajal Ghose		10	10
4.	Ms. Kalpana Prakash Pandey		10	10



Chairperson



Member

## 4) Nomination and Remuneration Committee (NRC)

Composition of NRC and the terms of reference are in compliance with the requirements under Section 178 of the Act and Regulation 19 of the Listing Regulations.

### a. Brief Description of Terms of Reference

1. Review the structure, size, composition, diversity of our Board and make necessary recommendations to our 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 our Board level, and search for appropriate candidates who have the profile to provide such skill sets.
3. Examine vacancies that will come up at our Board on account of retirement or otherwise and suggest course of action.
4. Undertake a process of due diligence to determine the suitability of any person for appointment / continuing to hold appointment as a Director on our 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.
5. Review and recommend to our Board for approval of the appointment of Managing Director & Chief Executive Officer 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 & Chief Executive Officer, other Whole Time Directors and senior managers one level below our Board;
6. Review and recommend to our Board for approval of the total increase in manpower cost budget of our Bank as a whole, at an aggregate level, for the next year.
7. Recommend to our Board the compensation payable to the Chairman of our Bank.



8. Review the code of conduct and human resources strategy, policy and performance appraisal process within our Bank, as well as any fundamental changes in organisation structure, which could have wide ranging, or high-risk implications.
9. Review and recommend to our Board for approval of the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of Managing Director and chief executive officer, the other whole time Directors, senior managers one level below our Board and other key roles and their progression to our Board.
10. Review and recommend to our Board for approval:
  - the creation of new positions one level below Managing Director and CEO; and to approve job descriptions and key responsibility areas.
  - appointments, promotions and exits of senior managers one level below the Managing Director and chief executive officer.
11. Set the goals, objectives, and performance benchmarks for our Bank and for Managing Director and CEO, the other whole-time directors for the financial year and over the medium to long term.
12. Review the performance of the Managing Director and CEO and other whole time Directors at the end of each year.
13. Perform such other duties as may be required to be done under any law, statute, rules, regulations etc. enacted by Government of India, RBI or by any other regulatory or statutory body.
14. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to our Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees.
15. Formulating of criteria for evaluation of the performance of the Independent Directors and our Board.
16. Devising a policy on Board diversity Identifying persons who qualify to become Directors or who may be appointed in Senior Management in accordance with the criteria laid down, recommending to our Board their appointment and removal, and carrying out evaluations of every Director's performance.
17. Determining whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
18. Performing such functions as are required to be performed by the Committee under the SEBI SBEB Regulations.
19. Performing such other activities as may be delegated by our Board and/or specified/provided under the Companies Act or the Listing Regulations, or by any other regulatory authority.
20. Recommend to our board, all remuneration, in whatever form, payable to Senior Management.
21. Performing such other functions as may be required for the performance of any of the above duties.
22. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - Use the services of an external agencies, if required.
  - Consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - Consider the time commitments of the candidates.
23. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with criteria laid down, recommend to Board their appointment and removal and to specify the manner for effective evaluation of performance of the Board, its committees and individual Directors.

## b. Meetings and Composition

Six meetings of NRC were held during the financial year ended March 31, 2024:

- Thursday, June 08, 2023
- Monday, August 07, 2023
- Thursday, September 21, 2023
- Saturday, January 06, 2024
- Saturday, January 27, 2024
- Thursday, March 14, 2024

Sr. No.	Name of the Director	Position in the Committee	Number of Meetings entitled to attend	Number of Meetings attended
1.	Mr. Kajal Ghose		06	06
2.	Mr. Muralidharan Rajamani		06	06
3.	Mr. Parveen Kumar Gupta		06	06



Chairperson



Member

## c. Performance Evaluation Criteria for Independent Directors

The Board evaluation framework is designed in compliance with the requirements under section 149(8), section 178(2) read with Schedule IV of Companies Act, 2013 and Regulation 17 of SEBI Listing Regulations, and in accordance with the Guidance Note on Board Evaluation issued by SEBI, The Board evaluation was conducted through questionnaire containing Qualitative & Quantitative parameters.

The Bank has a structured assessment process for evaluation of the performance of the Board, Committees of the Board and individual performance of each Director including the Chairman. Further, the Independent Directors met separately, without the presence of non-Independent Directors and Executive Management, and inter alia reviewed the performance of non-independent directors, and Board as a whole; and performance of the Chairman.

The evaluation of the Independent Directors, which was done by the Board of Directors, was based on the following assessment criteria as laid by the Nomination and Remuneration Committee:

- Attendance and participation in the meetings.
- Provides valuable input and suggestions for the overall benefit of the organization.
- Extend or continue the term of appointment of Independent Director, based on the report of performance evaluation of the Independent Directors.
- Any other function as may be required from time to time by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and rules made there under and any other statutory, contractual, or other regulatory requirements to be attended by such Committee.

## 5) Stakeholders' Relationship Committee (SRC)

Composition of SRC and the terms of reference are in compliance with the requirements under Section 178 of the Act and Regulation 20 of the Listing Regulations.

### a. Brief Description of Terms of Reference

1. Resolving the grievances of the security holders of the listed entity, including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
2. Allotment of securities, approval and rejection of transmission of shares, debentures or any other securities
3. Issue of duplicate certificates and new certificates on split/consolidation/renewal etc



4. Overseeing requests for dematerialisation and rematerialisation of securities.
5. Spreading awareness amongst security holders for protection of their rights and interest(s).
6. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures, or any other securities
7. Review of measures taken for effective exercise of voting rights by shareholders.
8. Review of adherence to the service standards adopted by our Bank in respect of various services being rendered by the Registrar and Share Transfer Agent.
9. Review of the various measures and initiatives taken by our Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of our Bank.
10. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time.
11. Carrying out other functions as provided for in the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other roles and responsibilities as assigned by the Board of Directors related with security holders of the Bank, from time to time.

#### b. Meetings and Composition

Three meetings of SRC were held during the financial year ended March 31, 2024:

- Saturday, September 16, 2023
- Friday, December 15, 2023
- Monday, February 26, 2024

Sr. No.	Name of the Director	Position in the Committee	Number of Meetings entitled to attend	Number of Meetings attended
1.	Mr. Muralidharan Rajamani		03	03
2.	Ms. Kalpana Prakash Pandey		03	03
3.	Mr. Ajay Kumar Kapur		03	03
4.	Mr. Govind Singh		03	03



Chairperson



Member

#### c. Name and Designation of the Compliance Officer

The Board has designated Mr. Muthiah Ganapathy as the Compliance Officer for the purposes of/ under rules, regulations etc. issued by the SEBI and Stock Exchanges from time to time.

#### d. Investor Complaints:

Particulars	No. of Complaints	
	Shareholders	Debenture holders
Pending at the beginning of the year i.e. April 1, 2023	0	0
Received during the year	19	0
Resolved during the year	19	0
Pending at the end of the year i.e. March 31, 2024	0	0

## 6) Risk Management Committee (RMC)

Composition of RMC and the terms of reference are in compliance with the requirements under Regulation 21 of the Listing Regulations. The terms of reference of the Risk Management Committee, inter alia, include:

### a. Brief Description of Terms of Reference

1. To perform the role of Risk Management in pursuance of the Risk Management Guidelines issued periodically by RBI and Board.
2. To oversee and advise to the Board on:  
Defining risk appetite, tolerance thereof and review the same, as appropriate.
  - The systems of risk management framework, internal control and compliance to identify, measure, aggregate, control and report key risks.
  - The maintenance and development of a supportive culture, in relation to the management of risk, appropriately embedded through procedures, training and leadership actions so that all employees are alert to the wider impact on the whole organisation of their actions and decisions.
3. To advise the Board on all high-level risk matters.
4. To require regular risk management reports from management which enable the Committee to assess the risks involved in the Bank's business and how they are controlled and monitored by management; and give clear focus to current and forward-looking aspects of risk exposure.
5. To review the effectiveness of the Bank's internal control and risk management framework, in relation to its core strategic objectives, and to seek such assurance as may be appropriate.
6. To review the asset liability management (ALM) of the Bank on a regular basis.
7. To provide to the Board with such additional assurance as it may require regarding the quality of risk information submitted to it;
8. To decide the policy and strategy for integrated risk management containing various risk exposures of the Bank including the credit, market, liquidity, operational risks including IT risks, Cyber risks and reputation risks
9. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
10. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
11. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.
12. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
13. To formulate a detailed risk management policy which shall include:
  - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - Measures for risk mitigation including systems and processes for internal control of identified risks.
  - Business continuity plan.
14. Approve various Risk Management policies.
15. Measures for risk mitigation including systems and processes for internal control of identified risks.
16. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.








17. The Risk Management Committees shall coordinate its activities with other committees, in instances where there is any overlap with activities of such Committees, as per the framework laid down by the Board of Directors.
18. To formulate & approve and revise various Risk Management policies at such intervals as may be considered necessary.

#### **b. Meetings and Composition**

Four meetings of RMC were held during the financial year ended March 31, 2024:

- Thursday, June 08, 2023
- Friday, September 22, 2023
- Friday, December 15, 2023
- Sunday, February 11, 2024

Sr. No.	Name of the Director	Position in the Committee	Number of Meetings entitled to attend	Number of Meetings attended
1.	Mr. Ajay Kumar Kapur		04	04
2.	Ms. Kalpana Prakash Pandey		04	04
3.	Mr. Muralidharan Rajamani		04	04
4.	Mr. Parveen Kumar Gupta		04	04
5.	Mr. Govind Singh		04	04



Chairperson



Member

## **7) Corporate Social Responsibility (CSR)**

Composition of CSR and the terms of reference are in compliance with the requirements under section 135 of the Companies Act, 2013

#### **a. Brief Description of Terms of Reference**

1. Formulation and recommendation to our Board, the Corporate Social Responsibility (CSR) strategy of the Bank including the CSR Policy and its implementation.
2. Formulation and recommendation to our Board, the CSR activities to be undertaken by our Bank, either directly or through Utkarsh Welfare Foundation or through any other entity working for the welfare of society and determining the CSR projects / programmes which our Bank plans to undertake during the year of implementation, specifying modalities of execution in the areas/sectors chosen and implementation schedules for the same.
3. Conducting an impact-assessment of the various initiatives undertaken in terms of the CSR Policy at periodic intervals.
4. Instituting a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/ activities proposed to be undertaken by our Bank.
5. Reviewing and recommending the annual CSR report for our Board's approval and for public disclosure.
6. Our Corporate Social Responsibility Committee shall:
  - formulate, review and recommend to our Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by our Bank as specified in Schedule VII.
  - recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
  - monitor the Corporate Social Responsibility Policy of our Bank from time to time.

7. To consider and review the CSR Initiatives of our Bank with as per Section 135 of the Companies Act, 2013, Schedule VII of the Act and related circulars issued by the Ministry of Corporate Affairs from time to time.
8. To review annual CSR policy of our Bank and suggest changes within the purview of section 135 of the Companies Act, schedule VII of the act and related circulars issues by Ministry of corporate affairs.
9. To undertake CSR programmes/ projects with the approval of our Boards on the recommendations of their CSR Committees. Changes, if any, in the programme / project should also be undertaken only with the approval of the Committee / Board.
10. To consider and review the thematic areas under CSR initiatives of our Bank which currently comprises of Financial Awareness, Primary education, Health Camps, Health Awareness Programme, Skill development and Vocational Training, Supporting Orphanages and Support to Elderly Care.
11. To undertake the CSR activities to be undertaken by our Bank through Utkarsh Welfare Fund/ Identified CSR Implementing Partner.

#### b. Meetings and Composition

Three meetings of CSR were held during the financial year ended March 31, 2024:

- Tuesday, June 06, 2023
- Saturday, September 16, 2023
- Monday, February 26, 2024

Sr. No.	Name of the Director	Position in the Committee	Number of Meetings entitled to attend	Number of Meetings attended
1.	Mr. Muralidharan Rajamani		03	03
2.	Kalpna Prakash Pandey		03	03
3.	Ajay Kumar Kapur		03	03



Chairperson



Member

## 8) IT Strategy Committee (ITSC)

#### a. Brief Description of Terms of Reference

1. Approving IT strategy and policies.
2. Ensuring that management has an effective strategic planning process in place.
3. Ensuring that the business strategy is aligned with the IT strategy.
4. Ensuring that the IT organisational structure serves business requirements and direction.
5. Oversight over implementation of processes and practices that ensures IT delivers value to businesses.
6. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
7. Ensuring proper balance of IT investments for sustaining Bank's growth.
8. Assess exposure to IT risks and its controls and evaluating effectiveness of management's monitoring of IT risks.
9. Assessing management's performance in implementing IT strategies.
10. Assessing if IT architecture has been designed to derive maximum business value.
11. Reviewing IT performance measurement and contribution to businesses.
12. To approve capital and revenue expenditure in respect of IT procurements.








13. To ensure that IT resources and infrastructure is available to meet required strategic business objectives and that a process is in place to record the resources available/ potentially available to the bank.
14. To monitor performance of IT function towards ensuring delivery on time and within budget, with appropriate functionality and with intended benefits.
15. Review of Information System audit and Cyber Security audit reports & Inspection reports
16. Discussion and follow up for audit observations relating to Information System Audit and Cyber Security Audit & Inspection reports.

## b. Meetings and Composition

Five meetings of ITSC were held during the financial year ended March 31, 2024:

- Thursday, May 11, 2023
- Thursday, July 06, 2023
- Monday, September 18, 2023
- Monday, December 18, 2023
- Thursday, March 07, 2024

Sr. No.	Name of the Director	Position in the Committee	Number of Meetings entitled to attend	Number of Meetings attended
1.	Mr. Kajal Ghose		05	05
2.	Ms. Kalpana Prakash Pandey		05	05
3.	Mr. Nagesh Dinkar Pinge		05	05
4.	Mr. Muralidharan Rajamani		05	05
5.	Mr. Abhijeet Bhattacharjee <sup>^</sup>		05	05

<sup>^</sup>Mr. Abhijeet Bhattacharjee is the Chief Information Officer (CIO) of the Bank



Chairperson



Member

## 9) Special Committee to Monitor Large Value Frauds (LVF)






### a. Brief Description of Terms of Reference

1. The major function of the Special Committee is to monitor and review all the frauds of 50.00 lakh and above; Identify systemic lacunae, if any that allowed perpetration of the fraud; and put in place measures to plug the same.
2. Identify reasons for delay, if any, in detection and reporting to top management of the Bank and RBI.
3. Monitor progress of CBI/Police investigation and recovery position.
4. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff related action, if required, is completed quickly.
5. Review efficacy of the remedial action taken to prevent recurrence of frauds, such as, strengthening of internal controls.
6. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

## b. Meetings and Composition

Four meetings of LVF were held during the financial year ended March 31, 2024:

- Tuesday, June 06, 2023
- Monday, August 07, 2023
- Monday, December 18, 2023
- Thursday, March 07, 2024

Sr. No.	Name of the Director	Position in the Committee	Number of Meetings entitled to attend	Number of Meetings attended
1.	Mr. Govind Singh		04	04
2.	Mr. Chandra Shekhar Thanvi		04	04
3.	Mr. Kajal Ghose		04	04
4.	Mr. Nagesh Pinge		04	04
5.	Mr. Parveen Kumar Gupta		04	04

The Committee meets a quarterly and as and when a fraud involving an amount of ₹ 50.00 lakh and above comes in light.



Chairperson



Member

## 10) Customer Service Committee (CSC)

### a. Brief Description of Terms of Reference






1. Overseeing functioning of the Bank's Customer Service Standing Committee setup for customer service.
2. To review level of customer service in the Bank including customer complaints and the nature of their resolutions.
3. Provide guidance in improving customer service.
4. Review any award passed by the Banking Ombudsman in response to any customer complaint filed with the Ombudsman.
5. The Committee may address formulation of a Comprehensive Deposit.
6. Policy, incorporating issues such as the treatment of death of a depositor for operations of his account, product approval process, the annual survey of depositor satisfaction and the triennial audit of such services.
7. The Committee may also examine any other issues having a bearing on the quality of customer service rendered.
8. To ensure implementation of directives received from RBI with respect to rendering services to customers of the Bank.



## b. Meetings and Composition

Four meetings of CSC were held during the financial year ended March 31, 2024:

- Thursday, June 08, 2023
- Friday, September 22, 2023
- Monday, December 18, 2023
- Thursday, March 07, 2024

Sr. No.	Name of the Director	Position in the Committee	Number of Meetings entitled to attend	Number of Meetings attended
1.	Ms. Kalpana Prakash Pandey		04	04
2.	Mr. Chandra Shekhar Thanvi		04	04
3.	Mr. Muralidharan Rajamani		04	04
4.	Mr. Govind Singh		04	04
5.	Mr. Parveen Kumar Gupta		04	04



Chairperson



Member

## 11) Capital Structuring & Fund Raise Committee (CSFRC)

### a. Brief Description of Terms of Reference

1. To make applications, seek clarifications, obtain approvals and seek exemptions from, where necessary, the RBI, SEBI, the RoC and any other governmental, statutory or regulatory authorities as may be required in connection with the Offer and accept on behalf of our Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary, incorporate such modifications / amendments as may be required in the draft red herring prospectus, the red herring prospectus and the prospectus, as applicable.
2. To finalise, settle, approve, adopt and file in consultation with the Selling Shareholder(s) and BRLMs where applicable, the draft red herring prospectus, the red herring prospectus, the prospectus, the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, the RoC or any other relevant regulatory, governmental and statutory authorities or in accordance with Applicable Laws.
3. To decide in consultation with the Selling Shareholder(s) and /or the BRLMs on the actual Offer size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including the price band (including offer price for anchor investors), bid period, offer price, and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer.
4. To appoint and enter into and terminate arrangements with the BRLMs, Underwriters to the Offer, Syndicate Members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, Sponsor Bank, Refund Bankers to the Offer, registrars, legal advisors, auditors, and any other agencies or persons or intermediaries to the Offer and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalisation, execution and, if required, amendment of the offer agreement with the BRLMs.
5. To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the prospectus, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, escrow and sponsor bank agreement, agreements with the Registrar to the Offer and all other documents, deeds, agreements and instruments whatsoever with the Registrar to the

Offer, legal advisors, auditors, stock exchange(s), BRLMs and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of our Bank to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer.

6. To seek, if required, the consent and/or waiver of the lenders of our Bank, customers, parties with whom our Bank has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/or waivers that may be required in relation to the Offer or any actions connected therewith.
7. To open and operate bank accounts in terms of the escrow and sponsor bank agreement and to authorise one or more officers of our Bank to execute all documents/deeds as may be necessary in this regard.
8. To open and operate bank accounts of our Bank in terms of Section 40(3) of the Companies Act, and to authorise one or more officers of our Bank to execute all documents/deeds as may be necessary in this regard.
9. To authorise and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer.
10. To accept and appropriate the proceeds of the Offer in accordance with the Applicable Laws.
11. To approve the implementation of any corporate governance requirements that may be considered necessary by our Board or the CSFR Committee or as may be required under the Applicable Laws or the Listing Regulations and listing agreement(s) to be entered into by our Bank with the relevant stock exchanges, to the extent allowed under law.
12. To issue receipts/allotment letters/confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of our Bank with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more recognised stock exchanges in India, with power to authorise one or more officers of our Bank to sign all or any of the aforesaid documents.
13. To authorise and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer.
14. To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLMs.
15. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and/or modify, as the case maybe, agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorise one or more officers of our Bank to execute all or any of the aforesaid documents.
16. To make applications for listing of the Equity Shares in one or more recognised stock exchanges in India for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of our Bank, where necessary.
17. To settle all questions, difficulties or doubts that may arise with regard to the Offer, including such issues or allotment, terms of the IPO, utilisation of the IPO proceeds and matters incidental thereto as it may deem fit.
18. To submit undertaking/certificates or provide clarifications to the SEBI, the RoC, RBI and the Stock Exchanges.
19. To negotiate, finalise, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the CSFR Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the CSFR Committee shall be conclusive evidence of the authority of the CSFR Committee in so doing.
20. To delegate any of its powers set out under (i) to (xx) hereinabove, as may be deemed necessary and permissible under Applicable Laws to the officials of our Bank.



21. To approve the list of 'group of company (ies)' of our Bank, identified pursuant to the materiality policy adopted by our Board, for the purposes of disclosure in the DRHP, RHP and Prospectus.
22. Deciding, negotiating and finalising the pricing and all other related matters regarding the Pre-IPO Placement, including the execution of the relevant documents with the investors in consultation with the BRLMs and in accordance with Applicable Laws.
23. Taking on record the approval of the Selling Shareholder(s) for offering their Equity Shares in the Offer.
24. To withdraw the draft red herring prospectus or the red herring prospectus or to decide to not proceed with the Offer at any stage in accordance with Applicable Laws and in consultation with the BRLMs.
25. To appoint, in consultation with the BRLMs, the registrar and other intermediaries to the Offer, in accordance with the provisions of the SEBI Regulations and other Applicable Laws including legal counsels, banks or agencies concerned and entering into any agreements or other instruments for such purpose, to remunerate all such intermediaries/agencies including the payments of commissions, brokerages, etc. and to terminate any agreements or arrangements with such intermediaries/ agents.
26. To act in a non-executive role to take action in order to report to, and assist, our Board in fulfilling its responsibilities relating to capital structure and fund raise management.
27. To obtain outside legal or other professional advice/services. Matters to be considered in relation to the above including but not limited to below:
  - a. Capital restructuring strategy and execution.
  - b. Rights issue, Pre-IPO and IPO.
  - c. IPO allocation to domestic & international market and market timing.
  - d. Appointment of financial advisor, investment bankers and book running lead manager(s)
  - e. Appointment of legal and other advisors.
  - f. Appointment of tax, regulatory & accounting advisors.
  - g. Appointment of rating agencies.
  - h. Valuation report from registered valuer.
  - i. Offer document preparation and verification process.
  - j. Legal documentation finalisation and sign off process.
28. To call any member of our Bank personnel, or outsiders with relevant experience and expertise, if it considers this necessary.
29. To select the stock exchange for listing of securities.
30. To authorise personnel to represent our Bank before regulatory bodies and filing/signing/execution of necessary application/documents.
31. To take other actions considered necessary or prudent to fulfill the responsibilities of the committee, provided that no other action is taken without the approval of our Board.
32. To act in a non-executive role to take action in order to:
  1. Be a forum to consult and report in relation to the capital structure and ongoing financing strategy.
  2. Review and recommend to our Board in relation to setting strategy for capital structuring management, equity fund raise and debt financing.
  3. Review and monitor the company's financing strategy and advise our Board whether the financing arrangements have been entered into on appropriate terms, at an appropriate cost and are appropriate financing arrangements for their purpose.
  4. Advise our Board of any matters identified during the course of carrying out its duties that might have a significant impact on the ability of our Bank to raise financing in the future or place restrictions on equity.
  5. Appointment of advisors as required for advice and / or execution of our Bank's capital structuring and fund raise strategy.
  6. Review and recommend to our board regarding terms of debt financing proposals/offers.

## b. Meetings and Composition

Seven meetings of CSFRC were held during the financial year ended March 31, 2024:

- Thursday, June 01, 2023
- Thursday, July 06, 2023
- Friday, July 07, 2023
- Tuesday, July 11, 2023
- Monday, July 17, 2023
- Tuesday, July 18, 2023
- Saturday, October 28, 2023

Sr. No.	Name of the Director	Position in the Committee	Number of Meetings entitled to attend	Number of Meetings attended
1.	Mr. Parveen Kumar Gupta		07	07
2.	Mr. Nagesh Dinkar Pinge		07	07
3.	Mr. Govind Singh		07	07



Chairperson



Member

## 12) Credit Approval Committee (CAC)

### a. Brief Description of Terms of Reference

1. To provide approvals for loans above certain stipulated limits, discuss strategic issues in relation to credit policy, and deliberate on the quality of credit portfolio.
2. To monitor credit exposures of the Bank.

### b. Meetings and Composition

Fifteen meetings of CAC were held during the financial year ended March 31, 2024:

- Sunday, April 24, 2023
- Wednesday, May 10, 2023
- Thursday, June 22, 2023
- Thursday, July 27, 2023
- Sunday, August 19, 2023
- Friday, September 01, 2023
- Monday, October 23, 2023
- Friday, November 10, 2023
- Saturday, November 18, 2023
- Monday, November 27, 2023
- Monday, January 01, 2024



- Friday, February 16, 2024
- Monday, March 11, 2024
- Thursday, March 21, 2024
- Tuesday, March 26, 2024

Sr. No.	Name of the Director	Position in the Committee	Number of Meetings entitled to attend	Number of Meetings attended
1.	Mr. Parveen Kumar Gupta		15	15
2.	Mr. Kajal Ghose		15	15
3.	Mr. Ajay Kumar Kapur		15	15



Chairperson



Member




### 13) Special Committee for Corporate Office Building Project

#### a. Brief Description of Terms of Reference

1. To receive, shortlist, reject proposals from Landowners for the proposed purchase of land by the Bank.
2. To meet and negotiate with the landowners regarding proposed acquisition of land.
3. To finalise the terms of land purchase including but not limited to cost of acquisition, manner of payment, etc.
4. To authorise official(s) of the Bank to do certain acts, deeds and things in relation to purchase of land by the Bank.
5. To deal with all matters related to award of contracts, obtaining requisite.
6. Approvals and monitoring progress of the Corporate Office Building project.

#### c. Meetings and Composition

No meeting of this Committee was held during financial year ended March 31, 2024.

Sr. No.	Name of the Director	Position in the Committee
1.	Mr. Kajal Ghose	
2.	Mr. Nagesh Pinge	
3.	Mr. Govind Singh	



Chairperson



Member

### 14) Review Committee for Identification of Wilful Defaulters (RCIWD)

#### a. Brief Description of Terms of Reference

1. To review, confirm and take decision about classifying a borrower as "Wilful Defaulter" based on the inputs/ decisions of Wilful Defaulters Identifying Committee, classifying a borrower as Wilful Defaulter.
2. To set-up and review the policies and process of the Bank vis-à-vis regulatory guidelines about identification of "Wilful defaulter."

## b. Meetings and Composition

Two Meetings of RCIWD were held during the financial year ended March 31, 2024.

- Friday, September 15, 2023
- Friday, March 01, 2024

Sr. No.	Name of the Director	Position in the Committee	Number of Meetings entitled to attend	Number of Meetings attended
1.	Mr. Govind Singh		02	02
2.	Mr. Nagesh Pinge		02	02
3.	Mr. Chandra Shekhar Thanvi		02	02



Chairperson



Member

## 15) Committee of Directors for New Initiatives<sup>#</sup>

### a. Brief Description of Terms of Reference

1. Evaluate the New initiatives proposed by the bank as to its relevance to the strategic direction.
2. Examine or bring up ideas and new initiatives that need examination that will help the Bank Break new ground, protect the existing proprietary strength or respond to the dynamics in the market.
3. Guide the bank in evaluating alternatives, suggest options to explore and help choose the right fit.
4. This will span new technologies, fintech and other partnerships, alliances, products, joint ventures, investments and opportunities for acquisitions and mergers.
5. The Committee will guide the Bank in deciding on the timing, scale, milestones to track. The Committee will also review the milestones and progress periodically and decide the point in time when the initiative can be moved to Business-As-Usual mode. This will help retaining the focus on the Committee on the new initiatives.

### b. Post Committee Meeting

Approvals of the Committee will then be taken to the Board and other relevant Committees when the financial approvals are taken up. The financial estimates and approvals of the New Initiatives will then be examined by the relevant Executive forum or the relevant Committee of the Board as the case may be.

This Committee being strategic in nature shall stay focussed on the strategic relevance and appropriateness for the Bank.

### c. Meetings and Composition

One meeting of this Committee was held during the financial year ended March 31, 2024.

- Friday, September 22, 2023

Sr. No.	Name of the Director	Position in the Committee	Number of Meetings entitled to attend	Number of Meetings attended
1.	Mr. Parveen Kumar Gupta		01	01
2.	Mr. Muralidharan Rajamani		01	01
3.	Mr. Nagesh Pinge		01	01



Chairperson



Member

<sup>#</sup>As the objective of the committee has been merged with the Board, the committee ceases to operate with effect from September 23, 2023 vide Board approval of even date



## 16) Senior management:

Particulars of Senior Management including the changes therein since the close of the previous financial year.

Particulars	Details
Name of the Employee	Nil
Reason for change	
Date of appointment / cessation (as applicable) & term of appointment	
Disclosure of Relationships between Directors (in case of Appointment of a Director)	

## 17) Remuneration of Directors:

- The Non-Executive Directors of the Bank are entitled to sitting fees for attending each meeting of the Board and/or committee.
- criteria of making payments to non-executive directors – This is forming a part of Nomination and Remuneration Policy of the Bank which is displayed on the website at: [https://www.utkarsh.bank/uploads/template\\_forty\\_pdf/NRC\\_Policy.pdf](https://www.utkarsh.bank/uploads/template_forty_pdf/NRC_Policy.pdf)
- disclosures with respect to remuneration

### Remuneration to Executive Director - Mr. Govind Singh (MD & CEO)

Fixed Pay (including perquisites)	₹ 2.34 crore
Variable Pay	₹ 1.36 crore (cash 0.544 crore and non-cash 0.816 crore)
Total Remuneration	₹ 3.7 crore

### Remuneration of Non- Executive Directors:

Sr. No.	Name of the Director	Sitting Fees (in ₹)	Commission / Monthly Honorarium (in ₹)
1.	Mr. Parveen Kumar Gupta	37,60,000.00	12,00,000.00
2.	Mr. Ajay Kumar Kapur	36,00,000.00	-
3.	Mr. Chandra Shekhar Thanvi	-	-
4.	Mr. Kajal Chose	39,00,000.00	-
5.	Ms. Kalpana Prakash Pandey	31,40,000.00	-
6.	Mr. Muralidharan Rajamani	28,60,000.00	-
7.	Mr. Nagesh Dinkar Pinge	32,40,000.00	-

#### Notes:

- None of the Independent Directors of the Bank holds shares in the Bank.
- The Bank has not entered in any service contracts with the Managing Director or any other Director.

## 18) General body meetings:

### a. location and time, where last three annual general meetings held:

Year	Particulars of Meeting	Date & Time	Location	Special Resolution passed, if any
2022-23	7 <sup>th</sup> AGM	June 12, 2023 at 01:00 pm	Through Video Conferencing/	Revision in remuneration of Shri Govind Singh, Managing Director & CEO (for FY 22-23)
2021-22	6 <sup>th</sup> AGM	July 30, 2022 at 01:00 pm	Other Audio-Visual means	Nil
2020-21	5 <sup>th</sup> AGM	July 30, 2021 at 01.00 pm	(OAVM)	Re-appointment of Mr. Govind Singh as the Managing Director & Chief Executive Officer of the Bank for further period of 3 (three) years with effect from September 21, 2021, to September 20, 2024

**b. Resolutions passed through Postal Ballot:**

Sr. No.	Resolution	Nos. of Votes		Percentage of votes (%)		Result
		In favour	Against	In favour	Against	
1.	Alteration of the Articles of Association of the Bank	87,15,16,155	1,90,50,541	97.86	2.13	
2.	Remuneration to be paid to Mr. Govind Singh, Managing Director & CEO (DIN: 02470880) for FY 23-24	92,73,31,493	2,72,242	99.97	0.02	
3.	Ratification of "Utkarsh Small Finance Bank Limited (USFBL) - Employees Stock Option Plan 2020" read with "Utkarsh Small Finance Bank Limited Employees Stock Option Scheme 2020	35,36,17,058	7,42,39,312	82.65	17.35	Resolution passed with requisite majority

The Bank had appointed CS Avinash Bagul (FCS No.5578, COP No.19862), Partner of M/s BNP & Associates, Company Secretaries, as the Scrutinizer for conducting the postal ballot through remote e-voting in a fair and transparent manner.

**c. Special resolution(s) proposed to be conducted through postal ballot:**

- Amendments to the Articles of Association of the Bank
- Payment of Compensation/Remuneration to the Non-Executive Directors of the Bank

The above-mentioned resolutions have been approved by the Shareholders of the Bank by the way of Special Resolution on June 13, 2024.

**d. Procedure of Postal Ballot:**

The Postal Ballot procedure followed by the Bank is as stipulated under the provisions of Section 108 and Section 110 of the Companies Act, 2013 read with applicable Rules and SEBI Listing Regulations and the Secretarial Standards issued by the Institute of Company Secretaries of India.

Members are provided with the facility to cast their votes through e-Voting. The Scrutiniser submits his report to the Company Secretary & Compliance Officer as authorised by the Chairperson of the Board after the completion of the scrutiny of the e-Voting results. Considering the results and report of the Scrutiniser of the Postal Ballot, the resolution is considered approved or rejected. The necessary intimations as required under the applicable SEBI Listing Regulations are submitted to the Stock Exchanges and post declarations of the results the same are displayed on the website of the Bank.

**19) Means of Communication**

The Board believes that effective communication of information is an essential component of corporate governance. The Bank regularly interacts with Shareholders through multiple channels of communication such as Bank's website and stipulated communications to Stock Exchanges where the Bank's shares/other instruments are listed for announcement of Financial Results, Annual Report, Bank's policies, notices and outcome of meetings etc.

Quarterly/Half Yearly/ Annual Results: The Bank being listed is required to submit the quarterly, half-yearly/annually unaudited/ audited financial results to the Stock Exchange. The financial results of the Bank were submitted to the Stock Exchanges and were published in one English daily newspaper circulating Nationally and other daily newspaper published in the vernacular language, where the registered office of the Bank is situated. Currently these are not sent individually to the Shareholders.

Newspapers wherein results are normally published: The Financial Results are generally published in daily newspapers – Financial Express (English Newspaper) and other newspapers circulating widely in whole of India

Website: The Bank has a website addressed as <https://www.utkarsh.bank/>. It contains the basic information about the Bank - details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Bank who are responsible for assisting and handling investor grievances and such other details as may be required under regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 from time to time. The Bank ensures that the contents of this website are periodically updated.

Investors Presentation: The presentations made at the analyst/ institutional investors meetings are filed with the stock exchanges and hosted on the Bank's website at <https://www.utkarsh.bank/>



## 20) General shareholder information

Sr. No.	Particulars	Disclosure
a.	Annual general meeting	Monday, July 22, 2024
b.	Financial year	The Bank follows the financial year starting from 1 <sup>st</sup> April to ending on 31 <sup>st</sup> March every year.
c.	Dividend payment date	
d.	The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s)	<p><b>BSE Limited (BSE)</b></p> <p>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, Maharashtra, India</p> <p><b>National Stock Exchange of India Ltd. (NSE)</b></p> <p>Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East) Mumbai – 400 051, Maharashtra, India.</p> <p>Bank has deposited the annual listing fees to the stock exchange(s) where the securities of the Bank are listed.</p>
e.	Stock code	<p>BSE – 543942</p> <p>NSE - UTKARSHBNK</p>
f.	Registrar to an issue and share transfer agents	<p><b>For Equity Shares:</b></p> <p><b>M/s. KFIN Technologies Limited</b> Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 Telangana</p> <p><b>For Debt Securities</b></p> <p><b>M/s. NSDL Database Management Limited</b> 4<sup>th</sup> Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Maharashtra</p>
g.	Share transfer system	<p>Effective from April 1, 2019, SEBI has mandated that shares can be transferred only in Demat. Hence no transfer of shares in physical form can be lodged by the shareholders.</p> <p>All shares of the Bank are held in dematerialised form.</p> <p>An annual certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI Listing Regulations is obtained from a Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges within the prescribed time.</p>
h.	Dematerialization of shares and liquidity	All shares of the Bank are held in dematerialised form.
i.	Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity	The Bank has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instrument, which is likely to have impact on the Company's equity
j.	Commodity price risk or foreign exchange risk and hedging activities	The Bank has not dealt in commodity for FY2023-24 or hedging commodity activities for FY2023-24 and therefore, there was no need to take forward cover in respect of its foreign currency exposure for import of raw materials and traded goods during the financial year ended March 31, 2024.

Sr. No.	Particulars	Disclosure
k.	Plant locations	The Bank does not have ambit in any manufacturing sector and hence does not have any manufacturing plant. Therefore, this clause is not applicable on the Bank.
l.	address for correspondence	The Company Secretary & Compliance Officer First Floor, Om Prakash Arcade, Central Avenue, Chembur (East) Mumbai-400 071
m.	Disclosures with respect to demat suspense account/ unclaimed suspense account	Not applicable. The Bank has declared dividend for the first time for Financial year ended March 31, 2024

**list of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad**

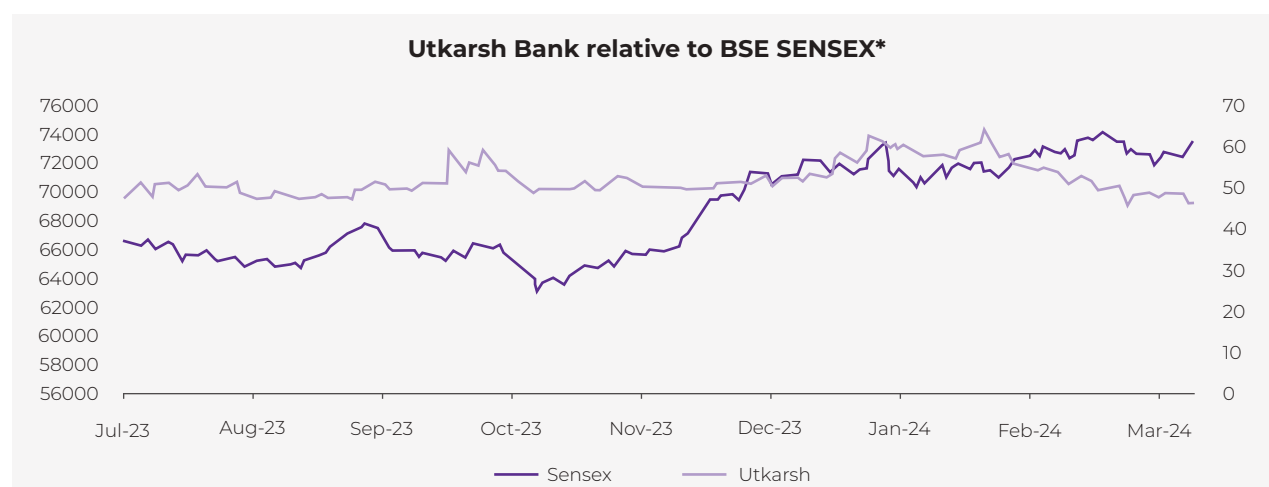
Nature of Instrument	Nature of Term	Credit Rating Agency	Credit Rating Assigned (At Present)	Revised on	Credit Rating Assigned (Earlier)
Subordinated Debt	Long term	ICRA	[ICRA] A+ (Stable)	April 10, 2023	[ICRA] A (Positive)
Certificate of Deposit	Short term	ICRA	[ICRA] A1+	NA.	[ICRA] A1+
Subordinated Debt	Long term	CARE	CARE A+ (Stable)	September 22, 2023	CARE A (Positive)

**Market price data- high, low during each month in last financial year:**

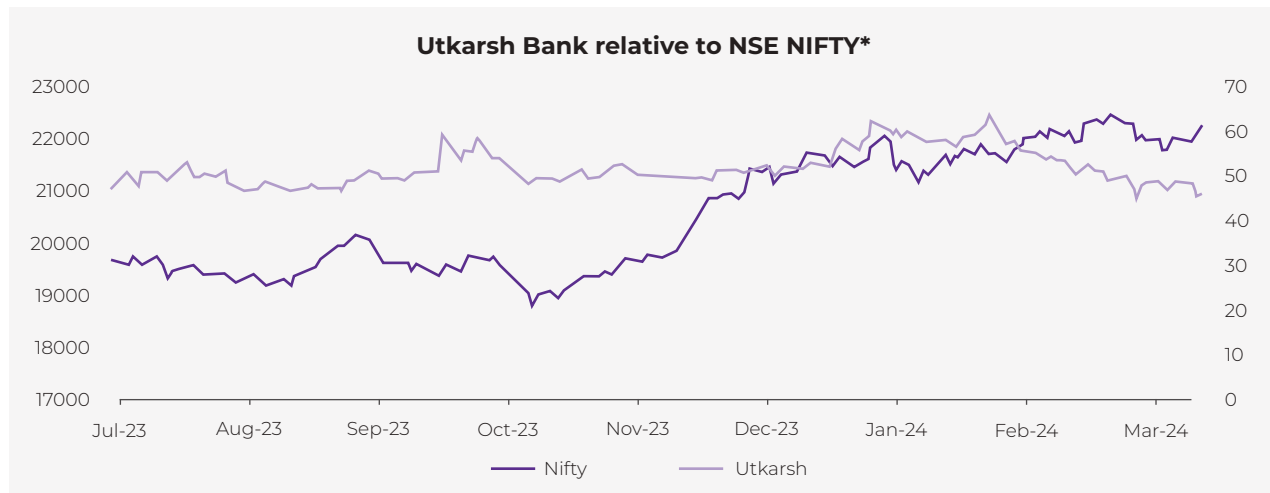
Particulars	BSE Ltd (in ₹)		National Stock Exchange of India Ltd. (NSE) (in ₹)	
	High price	Low Price	High price	Low Price
Jul-23	56.3	37.25	56.3	37.2
Aug-23	54.95	47.32	54.95	47.4
Sep-23	54.05	46	54.1	45.9
Oct-23	61.58	47.33	61.6	47.3
Nov-23	53.95	49.02	54	49.4
Dec-23	54.73	49.11	54.8	49.15
Jan-24	65	52.16	68.3	52.10
Feb-24	68.23	50.65	65	50.60
Mar-24	53.30	45	53.35	44.85

(Source: BSE and NSE website)

**Performance in comparison to broad-based indices such as BSE sensex, NSE Nifty etc:**



\*The equity shares of the Bank were listed on July 21, 2023.



\*The equity shares of the Bank were listed on July 21, 2023.

#### Distribution of shareholding as on March 31, 2024:

Sr. No.	Category (Shares)	No. of Holders	% To Holders	Amount	% To Equity
1	1-5000	1,81,251	81.63	22,12,13,130	2.01
2	5001-10000	21,719	9.78	16,96,67,390	1.54
3	10001-20000	9,512	4.28	14,66,01,600	1.33
4	20001-30000	3,230	1.45	8,22,33,620	0.75
5	30001-40000	1,513	0.68	5,48,48,210	0.50
6	40001-50000	1,386	0.62	6,57,38,830	0.60
7	50001-100000	2,089	0.94	15,69,69,560	1.43
8	100001& Above	1,344	0.61	10,09,73,02,260	91.84
<b>TOTAL</b>		<b>2,22,044</b>	<b>100.00</b>	<b>10,99,45,74,600</b>	<b>100.00</b>

#### Category-wise Shareholding as on March 31, 2024 of Equity Shares:

Sr. No.	Category (Shares)	No. of Holders	No. of Shares	% to Equity
1	PROMOTERS	1	75,92,72,216	69.06
2	MUTUAL FUNDS	7	7,22,67,083	6.57
3	ALTERNATIVE INVESTMENT FUND	1	20,00,100	0.18
4	BODIES CORPORATES	1	1,05,22,221	0.96
5	QUALIFIED INSTITUTIONAL BUYER	3	1,06,09,922	0.97
6	BODIES CORPORATES	1	1,25,86,538	1.14
7	FOREIGN PORTFOLIO - CORP	8	95,92,905	0.87
8	FOREIGN PORTFOLIO - CORP	1	15,613	0
9	DIRECTORS	1	4,83,546	0.04
10	EMPLOYEES	94	25,40,493	0.23
11	RESIDENT INDIVIDUALS	2,18,379	12,12,39,360	11.03
12	NON-RESIDENT INDIAN NON REPATRIABLE	494	7,48,112	0.07
13	NON-RESIDENT INDIANS	811	20,64,087	0.19
14	FOREIGN BODIES CORPORATES	5	8,46,36,986	7.7
15	BODIES CORPORATES	311	72,52,082	0.66
16	CLEARING MEMBERS	4	2,430	0
17	TRUSTS	1	200	0
18	HUF	1921	36,23,566	0.33
<b>Total</b>		<b>2,22,044</b>	<b>10,99,45,74,60</b>	<b>100</b>

Multiple folios have been consolidated on the basis of PAN for the Public category.

## 21) Other disclosures

### a. disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large

The policy on Related Party Transactions as approved by the Board is available on the website of the Company [https://www.utkarsh.bank/uploads/template\\_forty\\_pdf/Related\\_Party\\_Transaction.pdf](https://www.utkarsh.bank/uploads/template_forty_pdf/Related_Party_Transaction.pdf).

All contracts/ arrangements/ transactions entered by the Company during the year under review with the related parties were in the ordinary course of business and on an arm's length basis. The transactions entered into pursuant to the omnibus and specific approvals, are reviewed periodically by the Audit Committee.

Transactions with related parties includes monetary transactions or relationships between the Bank and its Directors, the management or relatives is disclosed in the Note to accounts forming part of financial statements of this report for the year ended March 31, 2024.

### b. details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years

Entity	Non-Compliance	Penalty / Fine
SEBI	In the matter of NCDs of ₹ 25 crore issue to Karvy Capital Limited. ( <a href="https://www.sebi.gov.in/enforcement/orders/sep-2023/adjudication-order-in-the-matter-of-utkarsh-small-finance-bank-limited_77144.html">https://www.sebi.gov.in/enforcement/orders/sep-2023/adjudication-order-in-the-matter-of-utkarsh-small-finance-bank-limited_77144.html</a> )	₹1,00,000
SEBI	Fine as per SEBI circular no. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dated July 29, 2022-Regulation 60(2) -For Month ended September 2023	₹11800
RBI	Enforcement Department, RBI Central Office, vide its letter dated July 6, 2021 and Order of date issued by the Adjudicating Committee of Executive Directors of RBI, advised of having imposed a monetary penalty of 1 crore on the Bank by RBI in exercise of the powers conferred under Section 47A of the Banking Regulation Act, 1949. The penalty has been levied in the matter of contravention of RBI directions by the Bank observed with respect to the advances sanctioned to a NBFC and its Group companies in February 2018. The Bank paid the penalty amount of 1 crore to RBI on July 17, 2021.	₹1,00,00,000
RBI	In line with the Advisory issued by Banking Ombudsman, RBI New Delhi on January 4, 2022, basis the complaint received by the Office of the Banking Ombudsman from the customer of another bank, as advised by the Banking Ombudsman, New Delhi, the Bank transferred to the said complainant's bank a sum of 17,500/- on January 9, 2022 for onward credit to the complainant's account. In the instant case, the beneficiary account of the transactions under reference was held with the Bank.	

### c. details of establishment of vigil mechanism, whistle blower policy

The Bank has a Whistle Blower Policy/ Vigil Mechanism to monitor the actions taken on complaints received under the said policy. This policy also outlines the reporting procedure and investigation mechanism to be followed in case an employee or external stakeholders blows the whistle for any wrongdoing in the Company. The policy is available on the website of the Company, [https://www.utkarsh.bank/uploads/template\\_forty\\_pdf/Whistle\\_Blower\\_Policy\\_Revised\\_13\\_12\\_2022.pdf](https://www.utkarsh.bank/uploads/template_forty_pdf/Whistle_Blower_Policy_Revised_13_12_2022.pdf). No personnel have been denied access to the Audit Committee.

The details on Whistle Blower Policy and Vigil Mechanism are forming the part of Board Report.

### d. details of compliance with mandatory requirements and adoption of the non-mandatory requirements

- The Bank complies with all the mandatory requirements specified under Listing Regulations.
- The non-mandatory requirements have been adopted to the extent and in the manner as stated at the appropriate positions in this report.



**e. disclosure of commodity price risks and commodity hedging activities**

The Bank has not dealt in commodity for FY 2023-24 or hedging commodity activities for FY 2023-24 and therefore, there was no need to take forward cover in respect of its foreign currency exposure for import of raw materials and traded goods during the financial year ended March 31, 2024.

- f.** Declaration signed by the chief executive officer stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management has been annexed as **Annexure 'i'** to this report

**g. Certificate from a Company Secretary in practice**

Certifying that none of the directors on the board of the Bank have been debarred or disqualified from being appointed or continuing as directors of the Company by the Board/Ministry of Corporate Affairs or any such statutory authority has been annexed as **Annexure 'ii'** to this report and Compliance certificate regarding compliance of conditions of corporate governance has been annexed as **Annexure 'iii'** to this report.

- h.** During the year under review, the recommendations made by the Board Committees to the Board, were accepted by the Board.

**i. Total fees paid to Statutory Auditors of the Bank**

Total fees of ₹1.73 crore (includes remuneration and certification fees) was paid by the Bank for Financial Year 2023-24 for the services rendered by the Statutory Auditors.

**j. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

Particulars	Information
number of complaints filed during the financial year	10
number of complaints disposed of during the financial year	09
number of complaints pending as on end of the financial year	01

- k.** During the year under review, the Bank has complied with all the mandatory requirements specified in Regulations 17 to 27 and clause (b) to (i) and (t) of Regulation 46(2) of SEBI Listing Regulations, as applicable.

- l.** The Chief Executive Officer and the Chief Financial Officer compliance certificate as required under Regulation 17(8) read with Regulation 33 (2) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed as **Annexure iv**.

## Annexure 'i' to Corporate Governance Report

### Declaration of Compliance with Code of Conduct for the year ended March 31, 2024

I, Govind Singh, Managing Director and Chief Executive Officer of Utkarsh Small Finance Bank Limited ("the Bank") hereby declare that, to the best of my information, all the Board Members and Senior Management Personnel of the Bank have affirmed their compliance and undertaken to continue to comply with the Code of Conduct laid down by the Board of Directors of the Bank.

For **Utkarsh Small Finance Bank Limited**

Sd/-

**Govind Singh**

Managing Director and Chief Executive Officer  
(DIN: 02470880)

Date: April 01, 2024

Place: Varanasi

## Annexure 'ii' to Corporate Governance Report

### CERTIFICATE

Pursuant to Regulation 34(3) and Schedule V para C clause (10) (i) of the SEBI  
(Listing Obligation Disclosure Requirements) Regulation, 2015

We, BNP & Associates, have examined the relevant registers, records, forms, returns and disclosures received from the Directors of UTKARSH SMALL FINANCE BANK LIMITED, having CIN U65992UP2016PLC082804 and having its registered office at Utkarsh Tower, NH - 31 (Airport Road) Sehmalpur, Kazi Sarai, Harhua, Varanasi, Uttar Pradesh-221105. (hereinafter referred to as "the Bank"), which have been produced before us through the virtual data room by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including verification of Directors' Identification Number ("DIN") status] in terms of the portal of Ministry of Corporate Affairs Government of India ("MCA") [www.mca.gov.in](http://www.mca.gov.in) as considered necessary and pursuant to explanations furnished to us by the Bank and its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below, for the financial year ended on 31<sup>st</sup> March, 2024 have been debarred or disqualified from being appointed or continuing as directors of the Bank by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or by any other statutory regulatory authority.

Sr. No.	DIN	Name of the Directors	Designation	*Date of Appointment
1	07702190	Kajal Ghose	Non-Executive - Independent Director	16-01-2017
2	02470880	Govind Singh	Executive Director-CEO-MD	**31-05-2018
3	00062900	Nagesh Pinge	Non-Executive - Independent Director	20-07-2020
4	01690363	Rajamani Muralidharan	Non-Executive - Non-Independent Director	02-03-2021
5	06715713	Kalpana Prakash Pandey	Non-Executive - Independent Director	29-04-2020
6	02895343	Parveen Kumar Gupta	Non-Executive - Independent Director-Chairperson	01-09-2021
7	00563531	Chandra Thanvi Shekhar	Non-Executive - Nominee Director	30-09-2021
8	00108420	Ajay Kumar Kapur	Non-Executive - Independent Director	02-03-2021

\*Date of appointment of all the Directors are original date of appointment as they appear on MCA Portal.

\*\*On the recommendation of Nomination and Remuneration Committee, the Board of Directors have, subject to approval of RBI and shareholders recommended the re-appointment of Mr. Govind Singh (DIN: 02470880) as the Managing Director and CEO of the Bank, to the Reserve Bank of India (RBI), for a further period of three years w.e.f. September 21, 2024. The current term of Mr. Govind Singh is up to September 20, 2024.

Ensuring the eligibility of every director for appointment/continuity on the Board is the responsibility of the Management of the Bank. Our responsibility is to express an opinion on these based on our verification. We further state that this certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the Management of the Bank has conducted the affairs of the Bank.

For **BNP & Associates**  
Company Secretaries  
[Firm Regn. No. P2014MH037400]  
[PR No.: - 637/2019]

Place: Mumbai  
Date: April 26, 2024

Sd/-  
**Avinash Bagul**  
Partner  
FCS No.: -F5578  
COP No.: - 19862  
UDIN: F005578F000250801

## Annexure 'iii' to Corporate Governance Report

### CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,

**The Members of,**

**Utkarsh Small Finance Bank Limited,**

Utkarsh Tower, NH - 31 (Airport Road), Sehmalpur, Kazi Sarai,  
Harhua, Varanasi, Uttar Pradesh, PIN – 221105

We, BNP & Associates, Practicing Company Secretaries have examined all relevant records of **Utkarsh Small Finance Bank Limited** (hereinafter referred to as "the Bank") as provided through the virtual data room for the purpose of certifying the compliance ensured by the Bank of the disclosure requirements and corporate governance norms as specified for Listed Companies, as prescribed under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR'), for the financial year ended 31<sup>st</sup> March 2024. We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purpose of this certification.

We state that completing compliance requirements of Corporate Governance is the responsibility of the management of the Bank, and our examination is limited to procedures and implementation thereof as adopted by the Bank for ensuring the compliance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as specified for a listed entity in LODR for FY 2023-24.

We further state that the above certification is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank during the financial year.

For BNP & Associates  
Company Secretaries  
[Firm Regn. No. P2014MH037400]  
[PR No.: - 637/2019]

Sd/-  
Avinash Bagul  
Partner

FCS No.: - F5578  
COP No.: - 19862

UDIN: - F005578F000471989

Date: - May 28, 2024

Place: Mumbai



## **Annexure 'iv' Chief Executive Officer (CEO) & Chief Financial Officer (CFO) Certificate**

We, Govind Singh, Managing Director & Chief Executive Officer and Sarjukumar Pravin Simaria, Chief Financial Officer of Utkarsh Small Finance Bank Limited ("the Bank"), hereby certify to the Board that:

- We have reviewed financial statement and the cash flow statement of the year and that to the best of our knowledge and belief:
  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by Bank during the year which are fraudulent, illegal or violative of the Bank's Code of Conduct.
- We are responsible for establishing and maintaining internal controls for financial report in Bank and that we have evaluated the effectiveness of the internal control systems of the Bank pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- We have indicated to the Auditors and the Audit committee.
  - Significant changes in internal control over financial reporting during the year;
  - Significant changes in accounting policies during the year and the same have been disclosed in the Notes of the financial statements; and
  - Instances of significant fraud of which we have become aware and involvement therein, if any, of the Management or an employee having a significant role in the Bank's internal control system over financial reporting.
- We affirm that we have not denied any personnel access to the Audit Committee of the Bank (in respect of matters involving alleged misconduct, if any).

Sd/-

**Govind Singh**

Managing Director & CEO

Date: April 26, 2024,

Sd/-

**Sarjukumar Pravin Simaria**

Chief Financial Officer

## Annexure B to the Board's Report

## Annual Report on Corporate Social Responsibility (CSR) Activities

for FY 23 -24

### 1. Brief outline on CSR Policy of the Company:

The Bank's CSR aims to contribute to the social and economic development of the underprivileged and underserved community in low-income geographies. Through impact-oriented interventions the Bank seeks to mainstream economically, physically, and socially challenged groups and to draw them into the cycle of growth, development, and empowerment. Initiatives have been largely focused on education, health, promoting livelihoods through skill building and vocational training. The Bank shall also promote initiatives that preserve, restore and enhance environment, ecological balance, and natural resources, and improve sanitation and hygiene. All the projects or programs activities shall be as per areas or subjects as specified in Schedule VII under Section 135 of the Companies Act, 2013.

The Bank's strategy is to integrate its activities in community development, social responsibility and environmental responsibility and encourage each business unit or function to include these considerations into its operations.

### 2. Composition of CSR Committee:

Sr. No.	Name of the Directors	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Muralidharan Rajamani	Chairperson	3	3
2	Ms. Kalpana Pandey	Member	3	3
3	Mr. Ajay Kumar Kapur	Member	3	3

### 3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

- <https://www.utkarsh.bank/investors>

### 4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). Impact assessment of CSR projects is not applicable to the Bank for Financial Year 2023-24

### 5. Details of CSR spent during the financial year

- Average net profit of the company as per section 135(5): ₹ 2,55,65,45,284
- Two percent of average net profit of the company as per section 135(5): ₹ 5,11,30,905.68 (rounded off to ₹ 5.12 Cr)
- Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - Not applicable
- Amount required to be set off for the financial year, if any - Not applicable
- Total CSR obligation for the financial year (7a+7b-7c) – 5.12 crore



## 6. Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):

### a. Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project allocated for the project duration.	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency		
				State.	District.					Name	Registration number.	
1.	Interest earned on SB account & Other Income						16,58,228	-			Utkarsh Welfare Foundation	CSR000000763
2.	Financial Literacy, Digital Financial Literacy, women empowerment,	Schedule VII (i) & (iii)	Yes	1. Bihar (East Champaran, Gopalganj, Katihar, Samastipur, Siwan)			38,68,029	-	No		Utkarsh Welfare Foundation	CSR000000763
				2. Jharkhand (Garhwa, Giridih, Ranchi)								
				3. Madhya Pradesh (Rewa, Satna)								
				4. Uttar Pradesh (Prayagraj, Sonbhadra, Varanasi)								
				5. Uttarakhand (Almora, Dehradun, Haridwar, Udham Singh Nagar)								
3.	Health Program (Health Awareness, Polyclinic Camps & Special Health Camps)	Schedule VII (i) & (xii)	Yes	1. Bihar (Ara, Bhojpur, Buxar, Darbhanga, Madhubani, Patna, Purnia, Samastipur)			88,95,816	-	No		Utkarsh Welfare Foundation	CSR000000763
				2. Jharkhand (Hazaribagh, Palamu, Godda)								
				3. Madhya Pradesh (Jabalpur, Rewa, Satna)								
				4. Uttar Pradesh (Chandauli, Gorakhpur, Mirzapur, Prayagraj, Sonbhadra, Varanasi)								
				5. Uttarakhand (Almora, Dehradun, Haridwar, Udham Singh Nagar)								
4.	Education Program	Schedule VII (ii)	Yes	1. Uttar Pradesh (Gorakhpur, Varanasi)			41,66,174	-	No		Utkarsh Welfare Foundation	CSR000000763
				2. Uttarakhand (Dehradun, Haridwar, Almora, Udham Singh Nagar)								
5.	Village Development Program	Schedule VII (ii) & (x)	Yes	1. Bihar (Ara, Bhojpur)			59,72,347	-	No		Utkarsh Welfare Foundation	CSR000000763
				2. Uttar Pradesh (Varanasi)								
				3. Uttarakhand (Almora)								
6	E-clinic	Schedule VII (i) & (xii)	Yes	1. Uttar Pradesh (Gorakhpur, Varanasi)			66,88,066	-	No		Utkarsh Welfare Foundation	CSR000000763
				2. Uttarakhand (Haridwar, Udham Singh Nagar)								
8	Enterprise Development Program	Schedule VII (i) & (xii)	Yes	1. Uttar Pradesh (Varanasi)			31,66,168	-	No		Utkarsh Welfare Foundation	CSR000000763
				2. Bihar (Bhojpur)								
				3. Uttarakhand (Almora)								
9	Other Philanthropy program	Schedule VII (i) & (xii)	Yes	1. Uttar Pradesh (Varanasi)			6,43,400	-	No		Utkarsh Welfare Foundation	CSR000000763
10	Skill Centre Program		Yes	1. Uttar Pradesh (Varanasi)			1,78,00,000	-	No		Utkarsh Welfare Foundation	CSR000000763
Total							5,28,58,228	3,40,58,228	1,88,00,000			

[illegible]

- | Total Amount Spent for the Financial Year.<br>(in ₹) | Amount Unspent (in ₹)  |                   |  |         |                   |
|--|--|-------------------|--|---------|-------------------|
|  | Total Amount transferred to Unspent CSR Account as per section 135(6). |                   | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). |         |                   |
|  | Amount.  | Date of transfer. | Name of the Fund   | Amount. | Date of transfer. |
| 3,40,58,228  | 1,88,00,000*   | April 29, 2024    | NA   | NA      | NA                |

g. Excess amount for set-off, if any: Not applicable

Sr. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	NA
(ii)	Total amount spent for the Financial Year	NA
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NA
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NA

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.		Amount remaining to be spent in succeeding financial years. (in ₹)	
				Name of the Fund	Amount (in ₹).	Date of transfer.	
1.	2023-24	1,88,00,000	3,40,58,228	Unspent CSR Account	1,88,00,000	NA	1,88,00,000
2.	2022-23	6,92,744	3,40,30,723	NA	NA	NA	-
3.	2021-22	15,52,600	3,70,00,000	Unspent CSR Account	NA	NA	-
<b>Total</b>							

- ◀ 153



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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing.
NA								

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No
9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) – Not applicable

Sd/-

**Govind Singh**

Managing Director & CEO  
DIN – 02470880

Sd/-

**Muralidharan Rajamani**

Chairman of CSR  
Committee  
DIN – 01690363

## Annexure C to the Board's Report

### Secretarial Audit Report

For The Period Ended 31st March, 2024

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

To,  
The Members,  
**Utkarsh Small Finance Bank Limited**,  
Utkarsh Tower, NH - 31 (Airport Road), Sehmalpur, Kazi Sarai,  
Harhua, Varanasi, Uttar Pradesh, PIN – 221105

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Utkarsh Small Finance Bank Limited** (hereinafter called the 'the Bank') for the financial year ended on 31<sup>st</sup> March, 2024 (the "Audit Period"/ "Review Period").

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Bank's corporate conducts/ statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- (i) Our verification of the Bank's books, papers, minutes books, forms and returns filed, records provided through virtual data room /physically and other records maintained by the Bank;
- (ii) Compliance certificates confirming compliance with corporate laws applicable to the Bank given by the Key Managerial Personnel / Senior Managerial Personnel of the Bank and taken on record by the Bank's Board of Directors; and
- (iii) Representations made, documents produced and information provided by the Bank, its officers, agents and authorized representatives during our conduct of Secretarial Audit

We hereby report that, in our opinion, during the Audit Period covering the period ended on 31<sup>st</sup> March, 2024 the Bank has:

- (i) Complied with the statutory provisions listed hereunder; and
- (ii) Board processes and compliance mechanisms are in place to the extent, in the manner and subject to the reporting made hereinafter.

The Board of directors are requested to read this report along with our letter of even date annexed to this report as **Annexure-A**.

#### 1. COMPLIANCE WITH SPECIFIC STATUTORY PROVISIONS

We further report that:

- 1.1 We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Bank during the review period in terms of the applicable provisions / clauses of:
  - (i) The Companies Act, 2013 (the "Act") and the Rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act (FEMA), 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;



- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

*In terms of the SEBI Circular No. SEBI/HO/ISD/ISD/CIR/P/2020/135 dated July 23, 2020, the Bank's Code of Conduct for Prohibition of Insider Trading and Code of Fair Disclosure and Conduct (Code) under the SEBI (Prohibition of Insider Trading) Regulations, 2015 some of the Bank's Designated Persons have violated the Code and the PIT regulations. The Bank has taken action in this regard and intimation has been provided to the Stock Exchanges in compliance with the requirements of the relevant Regulations.*

- (c) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (d) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (e) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible securities) Regulations, 2021.

- (vi) Secretarial Standards relating to Board Meetings and General Meetings issued by The Institute of Company Secretaries of India (Secretarial Standards) which have mandatory application to the Bank.

1.2 During the period under review the Bank:

- (i) has complied with all the applicable provisions of all the aforesaid Acts, Rules, Regulations, Guidelines and Secretarial Standards as mentioned above.
- (ii) Generally complied with the applicable provisions / clauses of:
- (a) FEMA to the extent of Foreign Direct Investment mentioned under paragraph 1.1 (iv);
- (b) The Secretarial Standards on meetings of Board of Directors (SS-1) and on General Meetings (SS-2) mentioned under paragraph 1.1 (vi) above, which are applicable to the meetings of the Board, Committees constituted by the Board held during the year, the Annual General Meeting (AGM) held on June 12, 2023, Extra-Ordinary General Meeting held on June 14, 2023 and the postal ballot conducted by the Bank on September 23, 2023 and December 9, 2023. The compliance of the provisions of the Rules made under the Act with regard to participation of Directors through video conference for the Board/Committee meeting(s) held during the year, were verified based on the minutes of the meetings provided by the Bank.

1.3 During the audit period under review, provisions of the following Acts/Regulations were not applicable to the Bank

- (i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings;
- (ii) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (iii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
- (iv) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

1.4 We have also examined, on test-check basis, the relevant documents and records maintained by the Bank and provided to us with respect to the following Statute which is applicable to the Bank: -

- (i) The Banking Regulations Act, 1949;
- (ii) Reserve Bank of India Act, 1934 and guidelines made there under;
- (iii) Master circulars, directions, guidelines issued to Small Finance Banks by the Reserve Bank of India from time to time;
- (iv) The Negotiable Instruments Act, 1881;
- (v) The Bankers' Book Evidence Act, 1891;

- (vi) The Unlawful Activities (Prevention) Act, 1967;
- (vii) The Payment and Settlement Systems Act, 2007;
- (viii) The Deposit Insurance and Credit Guarantee Corporation Act, 1961;
- (ix) The Prevention of Money Laundering Act, 2002 and The Prevention of Money- Laundering (Maintenance of Records, etc.,) Rules, 2005;

## 2. BOARD PROCESSES OF THE BANK:

We further report that:

- 2.1 The Board of Directors of the Bank as on 31<sup>st</sup> March, 2024 comprised of:
  1. One Executive Director-Mr. Govind Singh (DIN: 02470880);
  2. Two Non-Executive Non-Independent Directors including one Non-executive -Director -Mr. Muralidharan Rajamani (DIN: 01690363) and Mr. Chandra Shekhar Thanvi (DIN: 00563531); - Nominee Director;
  3. Five Non-Executive Independent Directors, including a Woman Independent Director- Mr. Parveen Kumar Gupta (DIN: 02895343), Mr. Ajay Kumar Kapur (DIN: 00108420), Mr. Kajal Ghose (DIN: 07702190), Mrs. Kalpana Prakash Pandey (DIN: 06715713) and Mr. Nagesh Dinkar Pinge (DIN: 00062900).
- 2.2 The Processes related to the following changes in the composition of the Board of Directors and Key Managerial Personnel during the year were carried out in compliance with the provisions of the Act:
  1. Re-appointment of Mr. Chandra Shekar Thanvi (DIN: 00563531) as a Non-Executive Non- Independent Director who retires by rotation at the 7<sup>th</sup> Annual General Meeting of the Bank held on June 12, 2023.
- 2.3 Adequate notices have been given to all the directors of the Bank to enable them to plan their schedules for the Board meeting(s), except in respect of a few meetings which were convened at a shorter notice to transact urgent business(es) for which necessary consent was received.
- 2.4 Notice for the Board meetings has been given to all the directors at least seven days in advance except in respect of a few meetings convened at a shorter notice, at which at least one Independent Director was present as required under Section 173 (3) of the Act and SS-1.
- 2.5 Agenda and detailed notes on agenda circulated to all the directors at least seven days before the Board meetings, except for few meetings and in respect of certain matters considered to be price sensitive in nature at such meetings which were convened at a shorter notice.
- 2.6 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and to ensure their meaningful participation at the meetings.
- 2.7 We note from the minutes examined that, at the Board meetings held during the year:
  - (i) Decisions were taken through the majority of the Board; and
  - (ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, which were required to be recorded as part of the minutes.

## 3. COMPLIANCE MECHANISM

There are reasonably adequate systems and processes prevalent in the Bank, which are commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

## 4. SPECIFIC EVENTS / ACTIONS

- 4.1 During the year under review, the following specific events/ actions, having a major bearing on the Bank's affairs took place: -
  1. 109,59,04,663 Equity Shares of ₹10/- each fully paid-up shares of the Bank had been listed and admitted for dealing on BSE Limited and National Stock Exchange of India Limited with effect from July 21, 2023;



2. The Bank had allotted 20,00,00,000 Equity Shares of Face Value ₹10 each to the investors who had subscribed under the Bank's Initial Public Offer;
3. The Bank, during the year, had allotted Equity Shares to the employees of the Bank pursuant to exercise of vested ESOPs under USFBL Employee Stock Option Plan 2020 (USFBL – ESOP Plan, 2020) from time to time as mentioned below:

S. No.	Date of Allotment	No. of Equity Shares allotted of face value of ₹10/- each
1	September 27, 2023	10,84,750
2	October 13, 2023	95,500
3	November 03, 2023	3,46,875
4	November 22, 2023	2,82,867
5	December 12, 2023	60,362
6	December 22, 2023	3,07,375
7	January 05, 2024	2,31,594
8	February 02, 2024	2,19,999
9	February 17, 2024	5,13,625
10	March 04, 2024	3,08,850
11	March 20, 2024	*1,01,000

\*As on March 31, 2024, listing and trading approval for these shares were pending and hence was not reflecting in the BENPOS as on March 31, 2024.

4. The Members at the 7<sup>th</sup> Annual General Meeting held on June 12, 2023 have approved revision in remuneration of Mr. Govind Singh, Managing Director and CEO (DIN: 02470880) for the FY 2022-23 by way of Special Resolution;
5. The Members at the 19<sup>th</sup> Extra-Ordinary General Meeting of the Bank held on June 14, 2023 approved the amendment in the Articles of Association ("AOA") of the Bank by removing Article 15.2 as reproduced below (whereas the same was approved by the RBI as on June 15, 2023):

15.2 Subject to the Act and Applicable law:

- a. any Shareholder who (along with its Affiliates) owns at least nine per cent. (9%) or more Shares on a Fully Diluted Basis (excluding: (i) any employee stock options granted by the Company; and (ii) any Shares issued by the Company pursuant to an exercise of such employee stock options), shall have the right to nominate one (1) Director on the Board; and
  - b. UCL shall have the right to appoint such number of Directors which is one (1) more than the total number of Directors appointed pursuant to Articles 15.2(a) (excluding any Director nominated by UCL under Article 15.2(a)) and 32.4, provided that this right of UCL to appoint such additional Directors shall cease and terminate upon the earlier of: (i) merger of UCL with the Company; or (ii) UCL ceasing to hold more than forty per cent. (40%) of the Shares;
6. The Members of the Bank through Postal Ballot approved the following by way of Special Resolution on September 23, 2023: -
    - a. Alteration of Articles of Association ("AOA") of the Bank by addition of article(s) 12.4 & 15.2 and re-numbering of sub clause(s) thereof, if any, and deletion of Part B comprising of Article(s) 1.2, 1.3, 30 to 37 (both inclusive) and Annexure B thereof.
    - b. Approval of remuneration to be paid to Mr. Govind Singh, Managing Director & CEO (DIN: 02470880) for the FY 2023-24;
  7. SEBI has imposed monetary penalty of ₹1,00,000 (Rupees One Lakh only) on the Bank Vide Adjudication Order No. Order/BS/RG/2022-23/29358 dated September 20, 2023 for alleged violations of Regulations 4(3), 5(2)(b), 6,7,8,9,12,14, 26 of Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021. The Bank has made the required intimations on the same with the stock exchanges;

8. Regional Director (Northern Region) vide his order dated May 09, 2023 has disposed of the Compounding Application filed by the Bank for compounding of default committed under section 40 of Companies Act, 2013 (Company Application No. RDNR/COMP/F04016580/2023/1017);
9. Regional Director (Northern Region) vide order dated May 09, 2023 has disposed of the Compounding Application filed by the Bank for compounding of default committed under section 23(1) and Section 26 of Companies Act, 2013 (Company Application No. RDNR/COMP/F04016580/2023/1015);
10. The Board of Directors of the Bank had accorded their approval for raising Tier II Capital aggregating up to ₹ 200 crore through issue of Non-Convertible Debentures (NCDs);
11. RBI vide circular RBI/2023-24/70 DOR.HGG.GOV.REC.46/29.67.001/2023-24 dated October 25, 2023 on Appointment of Whole-Time Director(s), mandated banks to ensure the presence of at least two Whole Time Directors (WTDs) including the MD&CEO, on their Boards, within a period of four months from the date of issuance of this circular. The Bank's Board, at its meeting held on January 11, 2024, considered and recommended a candidature for the position of Whole time Director for seeking RBI prior approval. The appointment of the incumbent shall be subject to the prior approval of the RBI and thereafter by the Board and shareholders of the Bank. The Bank vide letter dated February 21, 2024 had requested RBI to grant extension till April 30, 2024 and RBI granted its extension to the Bank till April 30, 2024 vide their letter dated February 28, 2024.
12. During the period under the review, SEBI had completed the settlement proceedings pertaining to the disclosure's lapses occurred prior to the reporting period and mandated Bank to deposit the settlement amount of ₹1,24,23,600 (Rupees one crore twenty-four lakhs twenty-three thousand six hundred only), which was deposited with SEBI on March 27, 2024. Consequently, SEBI had issued Settlement order dated April 10, 2024 to that effect and the Bank had intimated Stock Exchanges about the same.
13. The Bank has received a communication from UCL dated February 14, 2024 stating that a resolution has been passed by the Board of Directors of UCL on February 13, 2024, whereby UCL has proposed to initiate steps in furtherance of a proposed reverse merger ("Proposed Merger") of UCL with the Bank, subject to receipt of requisite corporate, regulatory and statutory approvals and any other approvals as may be applicable, by each of UCL and the Bank. The Board of Directors of the Bank further accorded in-principle approval to take further steps in the matter at their meeting held on March 14 -16, 2024.

For **BNP & Associates**

Company Secretaries

[Firm Regn. No. P2014MH037400]

[PR No.: - 637/2019]

**Avinash Bagul**

Partner

FCS No.: -F5578

COP No.: - 19862

UDIN: F005578F000247193

Place: Mumbai  
Date:- April 26, 2024



## **Annexure A to the Secretarial Audit Report for the year ended 31<sup>st</sup> March, 2024**

To,  
The Members of,  
**Utkarsh Small Finance Bank Limited**

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The Bank's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. We have considered compliance related actions taken by the Bank based on independent legal /professional opinion obtained as being in compliance with law.
4. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We have also examined the compliance procedures followed by the Bank. We believe that the processes and practices followed, provide a reasonable basis for our opinion.
5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
6. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
7. Our Secretarial Audit Report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For **BNP & Associates**  
Company Secretaries  
[Firm Regn. No. P2014MH037400]  
[PR No.: - 637/2019]

**Avinash Bagul**  
Partner  
FCS No.: -F5578  
COP No.: - 19862  
UDIN: F005578F000247193

Place: Mumbai  
Date:- April 26, 2024

## Annexure D to the Board's Report

## Business Responsibility and Sustainability Report



## SECTION A

## GENERAL DISCLOSURES

## I. Details of the listed entity

1	Corporate Identity Number (CIN) of the Listed Entity	U65992UP2016PLC082804
2	Name of the Listed Entity	Utkarsh Small Finance Bank Limited
3	Year of incorporation	13-04-2016
4	Registered office address	Utkarsh Tower, NH - 31 (Airport Road), Sehmalpur, Kazi Sarai, Harhua, Varanasi, Uttar Pradesh, PIN – 221105
5	Corporate address	Utkarsh Tower, NH - 31 (Airport Road), Sehmalpur, Kazi Sarai, Harhua, Varanasi, Uttar Pradesh, PIN – 221105
6	E-mail	<a href="mailto:Secretarial.usfb@utkarsh.bank">Secretarial.usfb@utkarsh.bank</a> , <a href="mailto:indradeo.pandey@utkarsh.bank">indradeo.pandey@utkarsh.bank</a>
7	Telephone	0542-6605555
8	Website	<a href="http://www.utkarsh.bank">www.utkarsh.bank</a>
9	Financial year for which reporting is being done	2023-24
10	Name of the Stock Exchange(s) where shares are listed	BSE Limited and National Stock Exchange of India Limited
11	Paid-up Capital	10,99,45,74,600
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Indra Deo Pandey (9598069282 & <a href="mailto:indradeo.pandey@utkarsh.bank">indradeo.pandey@utkarsh.bank</a> )
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	All offices and branches of Utkarsh small finance Bank across India (only for the entity). Report made on standalone basis(i.e. Only for the entity)
14	Whether the company has undertaken reasonable assurance of the BRSR Core?	No
15	Name of Assurance Provider	NA
16	Type of Assurance obtained	NA

## II. Products / Services

## 16 Details of business activities (accounting for 90% of the turnover):

Sl. No	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Banking and financial services	The Bank provides a range of commercial banking products and services, including loan products, fee and commission based products and services, deposit products. The Bank's retail operations primarily consist of retail lending, payments, deposit taking and distribution of third party insurance and investment products.	100



## 17 Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

Sl. No	Product / Service	NIC Code	% of total Turnover contributed
1	Banking activities by Central, Commercial and Saving banks	65191	100

## III. Operations

### 18 Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	0	888	888
International	0	0	0

### 19 Market Served by the entity:

#### a. Number of locations

Locations	Number
National (No. of States)	26
International (No. of Countries)	

#### b. What is the contribution of exports as a percentage of the total turnover of the entity?

NA to SFB - 0.00%

#### C. A brief on type of customers

The Bank's cater to a diverse group of customers under its Retail Banking and Wholesale Banking segments. Under Retail Banking: The Bank offers banking services to our urban, semi-urban and rural consumers with an expansive range of products and services in loans, payments, savings, insurance and investments. Under Wholesale Banking: The Bank provides service to leading corporates and MSMEs with a range of products and services including loans, deposits.

### 20 Details as at the end of Financial Year:

#### a. Employees and workers (including differently abled):

Sl. No	Particulars	Total (A)	Male		Female	
			No.(B)	% (B/A)	No.C	% (C/A)
Employees						
1	Permanent (D)	16071	13767	86%	2304	14%
2	Other than Permanent (E)	838	774	92%	64	8%
3	Total employees (D+E)	16909	14541	86%	2368	4%
Workers						
4	Permanent (F)	10	10		-	
5	Other than Permanent (G)	1192	1145		47	
6	Total workers (F+G)	1202	1155		47	

#### b. Differently abled Employees and workers:

Sl. No	Particulars	Total (A)	Male		Female	
			No.(B)	% (B/A)	No.C	% (C/A)
Differently Abled Employees						
1	Permanent (D)	NA	NA	75 %	NA	25 %
2	Other than Permanent (E)	NA	NA	0.00%	NA	0.00%
3	Total differently abled employees (D+E)	NA	NA	75 %	NA	25 %
Differently Abled Workers						
4	Permanent (F)	NA	NA		NA	
5	Other than Permanent (G)	NA	NA		NA	
6	Total differently abled workers (F+G)	NA	NA		NA	

**21 Participation/Inclusion/Representation of women:**

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	8	1	12.5
Key Management Personnel	03	0	0%

**22 Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)**

	FY 2023-24 (Turnover rate in current FY)			FY 2022- 23 (Turnover rate in previous FY)			FY 2021 - 22 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	31.39%	5.98%	37.37%	28.51%	5.21%	33.73%	25.28%	4.63%	29.91%
Permanent Workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

**V. Holding, Subsidiary and Associate Companies (including joint ventures)****23 (a) Name of holding / subsidiary / associate companies / joint ventures**

Sl. No	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Utkarsh Coreinvest Limited	Holding Company	69.06 (As on March 29, 2024)	No

**VI. CSR Details****24 (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) Yes**

(ii) Turnover (in ₹) 31,78,41,15,735.00

(iii) Net worth (in ₹) 27,22,24,66,767.17

**VII. Transparency and Disclosure Compliances****25 Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:**

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy) Link for Grievance Redressal policy: Our Policies   <a href="https://www.utkarsh.bank/our-policies/">https://www.utkarsh.bank/our-policies/</a>	FY 2023 - 24			FY 2022 - 23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks

**The list of the stakeholders**

Communities	The Bank and its implementation partners engage with the community periodically. Any complaints/ grievances raised by the community are resolved on site as on when required basis.						
Investors (other than shareholders) *	Yes	0	0	NA	0	0	NA
Shareholders*	Yes	19	0	NA	0	0	NA



Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy) Link for Grievance Redressal policy: Our Policies   <a href="https://www.utkarsh.bank/our-policies/">https://www.utkarsh.bank/our-policies/</a>	FY 2023 - 24			FY 2022 - 23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Employees and workers	Yes	980	8	All cases were related to Transaction Dispute where chargeback has been raised and our dependency on Acquirer Bank.	1797	80	Most of the cases were related to Transaction Dispute wherein our dependency on Acquirer bank and some were related to Discrepancy in Statement, IB/ MB Related, Deliverable Related etc. were resolved within TAT
Customers	Yes	6034	64	Most of the cases were related to Transaction Dispute wherein our dependency on Acquirer bank and some were related to Fraud, IB/ MB Related, Discrepancy in Statement etc. were resolved within TAT.	18373	155	Most of the cases were related to Transaction Dispute wherein our dependency on Acquirer bank and some were related to Fraud, UPI related, SMS/ OTP etc. were resolved within TAT.
Value Chain Partners	Yes						
Other (please specify)	Yes	185	0	NA	671	3	All were resolved within TAT.

\* Details of Investors (including Bond Holders) /Shareholder are covered)

## 26 Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Sl. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Sustainable Resource Consumption	Opportunity	Sustainable Resource Consumption has a direct bearing on Bank's bottom line. It is necessary to adopt sustainable resource consumption to reduce environmental impact & acknowledge social responsibility.	-	Sustainable Resource Consumption has a direct bearing on Bank's bottom line, it has positive impact.
2.	Customer Satisfaction	Opportunity	Customer satisfaction could directly affect stickiness of customers, Bank's reputation and brand value. It is vital for business expansion, as they aid in preserving customer trust and ensuring they feel appreciated. Bank's rapid growth trajectory and flexibility create opportunities for adapting to evolving customer needs and addressing emerging preferences.	-	it has positive impact.
3.	Financial Inclusion	Opportunity	Financial inclusion is widely recognized as a key catalyst for economic empowerment and social development through poverty reduction. Embracing both financial and digital inclusion enhances not only the social and economic progress of India but also positions the Bank as a fundamental promoter of inclusive growth. The Bank perceives vast potential in financial and digital inclusion. Focusing on strategies can help the Bank achieve its goals of increasing client base size, increasing customer loyalty, diversifying revenue streams, cutting costs, and fostering partnerships.	-	it has positive impact.



Sl. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4.	Data Privacy & Security	Risk	Data Privacy & Security has direct regulatory implications from MeitY (Ministry of Electronics and Information Technology) & RBI. A breach of customer privacy and data security systems can result in reputational damage, a decrease in customer trust, and the imposition of legal and regulatory penalties.	Bank has a Data Privacy Policy in place. <a href="https://www.utkarsh.bank/uploads/policy/Data_Privacy_Policy.pdf">https://www.utkarsh.bank/uploads/policy/Data_Privacy_Policy.pdf</a> Cyber-Security framework available. Bank is ISO 27001:2013 (Information Security Management System) certified. Strong governance around information security and data privacy. Cyber Risk Insurance coverage is in place for the bank as a fallback against the risks of cyber incidents.	it has negative impact if not addressed properly.
5.	Regulatory Compliance	Risk	Regulatory Compliance has direct bearing on Bank's operations & reputation. The expanding footprint has accelerated the hiring process, leading to more manual interventions across different banking operations. Consequently, there is a risk of unintended errors, resulting in non-compliance.	The Bank's processes, policies, procedures, systems, and tools ensure that regulatory compliance is maintained across all operations. Additionally, the Bank adheres to all statutory reporting requirements.	it has negative impact if not addressed properly.
6.	Corporate Governance & Ethics	Risk	Corporate Governance & Ethics has direct bearing on Bank's operations, regulatory performance & brand value. Corporate conduct and ethical practices are essential for protecting the reputation and ensuring the success for the bank.	By fostering a robust ethical culture, Bank upholds its reputation as a trusted financial institution. Bank has implemented effective governance practices which minimizes exposure to business and ethics-related risks. Bank rigorously manages its compliance mechanisms and consistently monitors its performance.	it has negative impact if not addressed properly.
7.	Developing & Managing robust Risk Management Framework	Risk	Increased vulnerability to economic downturns or market crashes can result in heightened regulatory scrutiny, reputational harm, and decline in investor confidence. Hence developing and managing a robust risk management framework is crucial for the bank.	Bank prioritizes robust risk management, focusing on credit assessment and monitoring across various risk categories. Bank adopts a structured risk management approach, ensuring qualified and experienced officials that lead risk management independently from business functions.	it has negative impact if not addressed properly.

Sl. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
8.	Transparency and Disclosure	Opportunity	Transparency and Disclosure is essential for increasing stakeholder confidence. It guarantees adherence to regulatory obligations, reinforce market positioning, and enhance relationships with stakeholders.	-	it has positive impact.
9.	ESG Governance and Board Oversight	Opportunity	Incorporating ESG risks into banking operations is imperative for building a resilient organization. These risks are increasingly becoming uncertain and volatile. Therefore, establishing robust ESG governance and ensuring board oversight is essential for a bank to navigate these evolving challenges effectively and sustainably. ESG Governance and Board Oversight helps create a brand as good corporate citizen & creates visibility. It may reduce possibility of regulatory actions on ESG ground.	-	it has positive impact.
10.	Business Ethics	Risk	Business Ethics has direct moral and regulatory bearing. It is crucial for achieving bank's objectives, mitigating risks, fostering stakeholder trust, and ensuring business continuity. By placing emphasis on ethical behaviour, the Bank not only seeks to retain its current clientele but also to draw in new customers.	Bank recognises that it is a trustee and custodian of public money and in order to fulfil its fiduciary obligations and responsibilities, it has to maintain and continue to enjoy the trust and confidence of public at large. Bank acknowledges the need to uphold the integrity of every transaction it enters into and believes that honesty and integrity in its internal conduct would be judged by its external behaviour. The Bank is conscious of the reputation it carries amongst its customers and public at large and shall endeavour to do all it can to sustain and improve upon the same in its discharge of obligations.	it has negative impact if not addressed properly.



## SECTION B

### MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1 a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the Policies, if available	<a href="https://www.utkarsh.bank/">https://www.utkarsh.bank/</a>								
2 Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3 Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4 Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO 22301 : 2019 Management of Business Continuity of branch banking, micro banking, ATM's, information technology, CPC, HR, Administration, call centre, Accounts & Finance, Disaster recovery sites and support processes.								
5 Specific commitments, goals and targets set by the entity with defined timelines, if any.									
6 Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.									
<b>Governance, leadership and oversight</b>									
7 Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Detail content is provided in Annual Report								
8 Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Board of Directors								
9 Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes								

#### 10 Details of Review of NGRBCs by the Company:

Subject of Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
The policies are developed and aligned to applicable compliance requirements, RBI norms and guidelines, requirements of listing agreement with stock exchanges, or the Bank's internal requirements and best practices.	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Performance against above policies and follow up action	The Bank follows all the applicable statutory and regulatory guidelines.																	
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances																		

Subject of Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
11 Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency	P1	P2	P3	P4	P5	P6	P7	P8	P9									
	No	No	No	No	No	No	No	No	No									
No. The various Head of Departments are responsible for effective implementation of the pertinent policies. The Bank’s Internal Audit Department, among its mandates, assesses each department’s adherence to their respective policies. In addition, the Bank’s Compliance Department monitors the adherence to implementation of policies mandated by RBI.																		
The following policies are available on the Bank’s website-																		
1. Customer Compensation Policy of the Bank Our Policies   Utkarsh Small Finance Bank																		
2. Bank’s Fair Practice Code Our Policies   Utkarsh Small Finance Bank																		
3. Grievance Redressal Policy Our Policies   Utkarsh Small Finance Bank																		
4. Code of Conduct & Ethics Utkarsh - Corporate Governance Policies																		
5. Corporate Social Responsibility Policy Investors   Utkarsh Small Finance Bank> <b>Corporate Governance Policy</b>																		
6. Citizen's Charter – A Charter for Customer Service Our Policies   Utkarsh Small Finance Bank																		
7. Customer Rights Policy Our Policies   Utkarsh Small Finance Bank																		
8. Code of Conduct for Direct Selling Agents Our Policies   Utkarsh Small Finance Bank																		
9. Policy on Related Party Transactions Utkarsh - Corporate Governance Policies																		
10. Comprehensive Deposit Policy Our Policies   Utkarsh Small Finance Bank																		
11. Policy on Collection of Dues and Repossession of Securities Our Policies   Utkarsh Small Finance Bank																		
12. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) Investors   Utkarsh Small Finance Bank>Corporate Governance Policy>Code-Conduct for Prohibition of Insider Trading and Fair Disclosure and Conduct																		
13. Policy for Determining Material Subsidiaries Utkarsh - Corporate Governance Policies																		
14. Policy for Determining Material Event or Information Utkarsh - Corporate Governance Policies																		
15. Privacy Policy Data Privacy Policy (utkarsh.bank)																		
16. Remuneration Policy for Non-Executive Chairman and Non-Executive Directors Utkarsh - Corporate Governance Policies																		
17. Remuneration Policy for MD& CEO, Whole Time Directors, Material Risk Takers, Control Function Staff and Other Employees Investors   Utkarsh Small Finance Bank>Corporate Governance Policy> <b>Nomination and Remuneration Policy</b>																		
18. Archival Policy Utkarsh - Corporate Governance Policies																		
19. Dividend Distribution Policy Utkarsh - Corporate Governance Policies																		



**12 If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:**

- The entity does not consider the Principles material to its business (Yes/No) Not applicable
- The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) Not applicable
- The entity does not have the financial or/human and technical resources available for the task (Yes/No) Not applicable
- It is planned to be done in the next financial year (Yes/No) Not applicable
- Any other reason (please specify) Not applicable



**SECTION C**

**PRINCIPLE WISE PERFORMANCE DISCLOSURE**

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”.

While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

**PRINCIPLE 1**

- Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

**1 Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	3	Program on governance and assurance, Enhancing Board Focus on Enterprise Risk Management, Familiarization Program for Independent Directors	50
Key Managerial Personnel	5	Workshop on designing a risk sensitive compensation structure, Symposium on Climate Risk, Seminar for Principal Officers on KYC and AML System, Masterclass on Risk Management & Internal Controls, Masterclass on Risk Management & Internal Controls and Artificial Intelligence – Redefining the Future of Finance	100
Employees	49	Induction training, Business profile, ESG Policy & Guidelines, Ethical conduct, Disciplinary Procedures, Employee Benefits	100%
Workers	NA		

- 2 Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Penalty / Fine (I)	Securities and Exchange Board of India and Bombay Stock Exchange	1,10,000	Violation of Section 33 (I) and 42 of Companies Act and Delay in submission of the notice of Record Date	No
Settlement	Penalty / Fine (I)	Securities and Exchange Board of India	1,24,23,600	For Lapses of Disclosure (Details are given in settlement order)	No
Compounding fee		Nil	Nil	Nil	Nil

Non- Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Imprisonment	Nil				
Punishment	NIL				

- 3 Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	NA

- 4 Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.** No

- 5 Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

Segment	FY 2023-24 (Current Financial Year)	FY 2022- 23 (Previous Financial Year)
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

- 6 Details of complaints with regard to conflict of interest:**

	FY 2023-24 (Current Financial Year)		FY 2022- 23 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA



**7 Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.** None

**8 Number of days of accounts payables ((Accounts payable \*365) / Cost of goods/services procured) in the following format:**

Segment	FY 2023-24 (Current Financial Year)	FY 2022- 23 (Previous Financial Year)
Number of days of accounts payable	N.A	N.A
Open-ness of business		

**9 Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:**

Parameter	Metrics	FY 2023-24 (Current Financial Year)	FY 2022- 23 (Previous Financial Year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	N.A	N.A
	b. Number of trading houses where purchases are made from	N.A	N.A
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	N.A	N.A
Concentration of Sales	a. Sales to dealers/ distributors as % of total sales	N.A	N.A
	b. Number of dealers / distributors to whom sales are made	N.A	N.A
	c. Sales to top 10 dealers/distributors as % of total sales to dealers / distributors	N.A	N.A
Shares of RPTs in	a. Purchases (Purchases with related parties/ total purchases)	N.A	N.A
	b. Sales (Sales to related parties/ total sales)	N.A	N.A
	c. Loans & advances (Loans & advances given to related parties / total loans and advances)	0	0
	d. Investments (Investments in related parties / total investments made)	0	0

#### Leadership Indicators

**1 Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

Total number of awareness programmes held	Topics / principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
Nil	NA	NA

**2 Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same**

The Board has formulated and adopted the code of conduct and conflict of interest norms for the Board of directors, and the code of conduct and ethics of the Bank (The code of ethics), in terms of Regulation 17(5) of the SEBI Listing Regulations relating to corporate governance. The code of conduct and conflict of interest norms for the Board of directors provides for do's and don'ts to be followed by the directors of the Bank and also contains norms with respect to conflict of interest, skill development, health, confidentiality, insider trading and sexual harassment etc. During fiscal 2024, the amendments to the said code were reviewed and approved by the Board. The code

of ethics is a statement of the Bank's commitment to integrity and the highest standards of ethical practices. It defines the standards of conduct that is expected of all employees in order that the right decisions are taken in performing their roles and responsibilities across various functions in the Bank. The code of ethics is intended to be the charter for day-to-day work, to enable employees to make the right decisions and, therefore, serves to (1) underline the fundamental commitment to compliance with regulatory guidelines and laws of the land, (2) set forth basic parameters of ethical and acceptable social behaviour, and (3) establish a system for detection and reporting of known or suspected ethical or violations of regulations. During the fiscal 2024, the Bank has not entered into any materially significant transactions with its directors or relatives of the directors, which could lead to potential conflict of interest between the Bank and these parties, other than transactions entered into in the ordinary course of its business. All the members of the Board of Directors of the Bank have affirmed compliance with the said codes as applicable to them for fiscal 2024.

## PRINCIPLE 2

**Businesses should provide goods and services in a manner that is sustainable and safe**

### Essential Indicators

#### 1 Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R & D	Given the nature of operations as a financial service provider, this question is not applicable		
Capex			

#### 2 a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, As an institution providing financial services, the Bank's operations are not material resource intensive. Thus, sustainable sourcing of raw materials may not be a significant material issue for the banking sector in general. However, as a responsible corporate citizen, the Bank has been focusing on maximising its resource consumption efficiency, reducing waste generation while focusing on improving its process efficiency and productivity. Even as digitization of products and services has been reducing the requirement of paper, it remains a significant resource consumed during the Bank's normal course of business, and it has focused on reducing its paper consumption further by adopting digitalization, and rationalizing printing requirements internally within the business. For procurement of equipment that are required to run our banking operations, such as computer hardware, lighting devices, air conditioners and DG sets, the Bank ensures that energy efficiency standards are duly considered during the purchase of such equipment. The Bank also has a Supplier Code of Conduct outlining its expectations from vendors to adopt the sustainable practices

#### b. If yes, what percentage of inputs were sourced sustainably?

100%



### 3 Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for

(a)	Plastics (including packaging)	The Bank has a centralised and robust waste management system that helps segregate, collect, transport and recycle all the different categories of waste generated, The Bank has undertaken several initiatives that helped reduction in waste generation, responsible waste disposal & recycling and reduce the load on landfills. In fiscal 2024, The Bank has deployed necessary systems and processes to effectively and sustainably manage e-waste/ Hazardous waste. In addition, the Bank's digitization efforts across its office and branch locations are also helping rationalise its paper requirements. The e-waste generated by the Bank primarily consists of computers, monitors, modems, switches, laptops, scanners, routers, printers, and UPS systems. In addition to this, the Bank have engaged authorised vendors empanelled with SPCB (State Pollution Control Board) and CPCB (Central Pollution Control Board) for disposal of e-waste in compliance with pertinent government regulations
(b)	E-waste	
(c)	Hazardous waste	
(d)	other waste.	

### 4 Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same. NA

#### Leadership Indicators

### 1 Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
NA					

### 2 If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
NA		

### 3 Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
NA		

**4 Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	0	0	0	0	0	0
E-waste	0	6524	330	0	0	0
Hazardous waste						
Other waste						

**5 Reclaimed products and their packaging materials (as percentage of products sold) for each product category**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
NA	

**PRINCIPLE 3**

Businesses should respect and promote the well-being of all employees, including those in their value chains

**Essential Indicators**

**1 a Details of measures for the well-being of employees:**

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
	Permanent employees										
Male	13778	12424	90%	1354	10%			474	3%	0	
Female	2304	2176	94%	128	5.56%	93	4%			0	
Total	16082	14600	91%	1482	9%					0	
	Other than Permanent employees										
Male	16	16	100%	0	0	0	0	0	0	0	0
Female	0	0	0%	0	0	0	0	0	0	0	0
Total	16	16	100%	0	0	0	0	0	0	0	0

**b Details of measures for the well-being of workers:**

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number	%	Number	% (C/A)	Number	% (D/A)	Number	%	Number	%
		(B)	(B/A)	(C)		(D)		(E)	(E/A)	(F)	(F/A)
Permanent workers											
Male	NA										
Female											
Total											
Other than Permanent workers											
Male											
Female											
Total											



**c Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –**

Segment	FY 2023-24 (Current Financial Year)	FY 2022- 23 (Previous Financial Year)
Cost incurred on well-being measures as a % of total revenue of the company	0	0

**2 Details of retirement benefits, for Current FY and Previous Financial Year.**

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	0.1%	Yes	100%	0.1%	Yes
Gratuity	100%	0.1%	Yes	100%	0.1%	Yes
ESI	53%	0.0%	Yes	47%	0.0%	Yes
Others - Please specify	26%	0.0%	Yes	24%	0.0%	Yes

**3 Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard

The Bank remains committed to being an organisation with strong respect for human rights, inclusive environment & safe work conditions and ethically sound business practices for employees. The Bank has employed person with disabilities .The Bank strives to create an inclusive and safe work environment for its employees.

**4 Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy. There is no purchases or sales transaction between Bank and any of its related parties, neither bank has given or received any loan & advances to/ from related parties and Bank has not made any investment in any of its related parties**

No

**5 Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	474	100%		
Female	93	97%		
<b>Total</b>	<b>567</b>			

**6 Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

	Yes/No (If Yes, then give details of the mechanism in brief) YES
Permanent Workers	NA
Other than Permanent Workers	NA
Permanent Employees	<p>The Bank has the grievance redressal mechanism in place to address the grievances of the employees in a transparent, equitable and judicious manner within a specified timeframe so that all the employees receive fair and equitable treatment and their grievances get resolved promptly and fairly. This mechanism covers the following scenarios:</p> <p>a) An employee or group of employees registering a complaint against another employee or group of employees.</p> <p>b) An employee or group of employees registering a complaint against an external party in a work related engagement with the Organization.</p> <p>c) An employee registering a complaint against his/her reporting manager or next level manager.</p> <p>The Bank has Employee Grievance Redressal Policy in place.</p>
Other than Permanent Employees	

**7 Membership of employees and worker in association(s) or Unions recognised by the listed entity: The Bank does not have any employee trade union and not in any collective bargaining agreement, although it allows all employees to exercise the lawful right to 'freedom of association'**

Category	FY 2023-24			FY 2022-23		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total Permanent Workers	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA

**8 Details of training given to employees and workers:**

Category	FY 2023-24					FY 2022-23				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. F	% (F/D)
Employees										
Male	9475	486	5%	9475.00	100%	6376	486	8%	6376	100.00
Female	1973	180	9%	1973.00	100%	1413	180	13%	1413	100.00
Total	11448	666	6%	11448.00	100%	7789	666	9%	7789	100.00
Workers										
Male	NA									
Female										
Total										



## 9 Details of performance and career development reviews of employees and worker:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No.(B)	% (B/A)	Total (C)	No.(D)	% (D/C)
<b>Employees</b>						
Male	13767	10460	75.97%	13120	8728	66.52%
Female	2304	1786	77.52%	2294	1353	58.98%
<b>Total</b>	<b>16071</b>	<b>12246</b>	<b>76.19%</b>	<b>15414</b>	<b>10081</b>	<b>65.40%</b>
<b>Workers</b>						
Male	10					
Female	-					
<b>Total</b>	<b>16081</b>					

## 10 Health and safety management system:

### a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes. the bank conducts regular safety drill through Physical Security

- Conducts Hands-on training on evacuation during emergency is conducted every year
- Briefing on Fire safety is provided at the premises
- Demonstration and Hands-on training of use of Fire extinguisher is imparted
- Inspection of Fire Extinguishers is undertaken regularly
- Refilling of Fire Extinguishers is conducted at regular intervals
- Monthly Inspection of Detectors/ sensors is carried out.

### b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

the bank conducts regular fire drills during which the employees are briefed on identifying and eliminating hazards. Security Guards deployed at Bank premise are trained on fire safety equipment. Advisories are issued on various safety related aspects such as weather warnings or fire safety and security

### c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

At the Bank, it is our duty to provide necessary support to employees in their wellbeing. The Bank assess the risks related to occupational health and safety at periodic intervals and put in place mitigation measures to take corrective and preventive action against those risks.

### d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, The Bank has in place, a Group Term Life Insurance and a Mediclaim policy to address the non-occupational medical and healthcare needs of its employees. Employees are educated about these policies during the induction.

## 11 Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	NA	NA
	Workers		
Total recordable work-related injuries	Employees	NA	NA
	Workers		
No. of fatalities	Employees	NA	NA
	Workers		
High consequence work-related injury or ill-health (excluding fatalities)	Employees	NA	NA
	Workers		

## 12 Describe the measures taken by the entity to ensure a safe and healthy work place.

The Bank continues to focus on strengthening its policies, systems and processes to ensure the safety of its employees and physical assets in the face of unforeseen negative events. The Bank has in place, a Business Continuity Plan (BCP)

Measures undertaken by the Bank for ensuring a safe and healthy workplace

- Fire Training is conducted every year
- Evacuation drill is conducted every year
- Fire safety advisories are released
- Fire safety signage is provided at different points
- Doctor Consultation (On call/Video)
- Enrolment of dependents under Mediclaim
- Annual Health Check-up for AVP & above

## 13 Number of Complaints on the following made by employees and workers:

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions						
Health & Safety						

NA

## 14 Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	Nil
Working Conditions	

- 15** Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

### Leadership Indicators

- 1 Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

Term insurance given probationary and confirmed employee and accidental insurance given for trainee employee.

- 2 Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

The Bank has complied with applicable requirements in this regard. Further, the Bank also sets clear expectations with vendors and suppliers to abide by labour laws, human rights, and regulations for their business.



**3 Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Employees	NA			
Workers				

**4 Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

No

**5 Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Nil
Working Conditions	

**6 Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

There are no cases or incidents related to health and safety practices of the value chain partners observed during the reporting period.

**PRINCIPLE 4**

**Businesses should respect the interests of and be responsive to all its stakeholders**

**Essential Indicators**

**1 Describe the processes for identifying key stakeholder groups of the entity**

Utkarsh small finance Bank is cognizant that its activities directly or indirectly impact a myriad of stakeholders, ranging from customers, regulators, peers, business partners, to communities. It believes that communicating with its stakeholders transparently and engaging with them meaningfully is key to fostering and maintaining strong and long term relationships with our stakeholder spectrum. Our engagements with diverse range of stakeholders help us better understand the social, environmental and economic impacts, including indirect impacts, of our activities, and their feedback, guidance and critiques enables us to perform as a responsible corporate citizen. The Bank conducts proactive and focused engagements with diverse sets of stakeholders to help identify material issues, evaluate business strategy and operations, products, services and solutions, minimise reputational risk and positively influence our internal and external environment. The key internal stakeholders of the Bank include the senior management and employees, while its external stakeholders comprise of shareholders & investors, customers, regulatory authorities, community & industry & peers, vendors & service providers, media and academia. The Bank continues to actively engage with its various stakeholders throughout the year, through various modes of engagement.

## 2 List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customer	No	<b>Formal and informal means at branches, offices and on ground • Social media communications</b> <ul style="list-style-type: none"> <li>Print and television marketing campaigns</li> <li>Customer Care channels – App, telephone, email, website</li> <li>Customer Satisfaction surveys • Financial Literacy programs</li> </ul>	Ongoing Eventual Periodic	The Bank conducts a proactive and focused engagements with diverse sets of stakeholders which helps identify significant material issues for the Bank, evaluate business strategy and operations, products, services and solutions, minimises reputational risk and positively influence our internal and external environment
Employee	No	<b>Board meetings</b> <ul style="list-style-type: none"> <li>Management Committee meetings program</li> </ul>	Ongoing	
Investors/ Shareholders	No	<b>Investor Meets</b> <ul style="list-style-type: none"> <li>Top Management roadshows</li> <li>Investor grievance channels –</li> <li>Face-to-face meetings</li> <li>Annual General Meeting</li> <li>Annual Report</li> </ul>	Need-based Periodically Annual Ongoing	
Regulators	No	<b>One-to-one as well as group meetings</b> <ul style="list-style-type: none"> <li>Telephone, email and mail correspondence</li> <li>Periodical submission of business &amp; operational performance</li> <li>Mandatory regulatory filings including to RBI and SEBI</li> <li>Engagement at banking platforms and meetings</li> </ul>	Periodic Need-based	
Communities	No	<b>Direct CSR initiatives at multiple locations</b> <ul style="list-style-type: none"> <li>CSR interventions by Utkarsh Foundation and its implementation partners</li> <li>Whistle blower Mechanism</li> </ul>	Periodic Need-based Ongoing	

### Leadership Indicators

## 1 Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Board Committees and Board Delegated Committees through the presentation of the department heads reviews the progress on economic, environmental, and social aspects.

## 2 Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No).

If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.



On the basis of feedback received from the department heads on the economic, environmental, and social aspects, the requisite process and policies are made.

### 3 Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

As a Small Finance Bank, our commitment to financial inclusion remains unwavering and goes beyond regulatory requirements. The Bank continue to focus on the priority sector by lending to small and marginal farmers, to the weaker sections and supporting them with government-led initiatives to improve access to financial services. Further, Bank is committed to support and impart financial literacy and digital education to drive financial inclusion in its true sense in the country. Further, the Bank makes meaningful contribution by empowering socially, economically, financially, and physically excluded, disadvantaged and challenged communities through CSR initiatives and thereby helping them to become self-reliant and achieve sustainable and inclusive development and growth. The Bank is focusing on creating opportunities for enhancing livelihood, opportunities, improving quality of education and skills development, creating awareness amongst public at large on topics of financial and digital literacy, sports, health, hygiene, and preventive health care, etc

#### PRINCIPLE 5

Businesses should respect and promote human rights

#### Essential Indicators

### 1 Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	Nil	Nil	Nil	Nil	Nil	Nil
Other than permanent	Nil	Nil	Nil	Nil	Nil	Nil
Total Employees	Nil	Nil	Nil	Nil	Nil	Nil
<b>Workers</b>						
Permanent	NA					
Other than permanent						
Total Workers						

### 2 Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to Minimum Wage		More than minimum Wage		Total (D)	Equal to Minimum Wage		More than minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. F	% (F/D)
Employees										
Permanent	As an institution in the Banking sector, the Bank is compliant with the Labour laws of India, that stipulate minimum wages for employees falling under different categories. The Bank's remuneration of employees is in alignment with Section 197 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, in respect of Directors / Employees of the Bank. The remuneration paid to all the employees / MD & CEO / Whole-Time Directors of the Bank, for the fiscal 2023, is in accordance with the Remuneration Policy for MD & CEO, Whole-Time Directors, Material Risk Takers, Control Function Staff and other employees of the Bank.									
Male										
Female										

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to Minimum Wage		More than minimum Wage		Total (D)	Equal to Minimum Wage		More than minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. F	% (F/D)
Other than permanent			100%	Nil	Nil		Nil	100%	Nil	Nil
Male			100%	Nil	Nil		Nil	100%	Nil	Nil
Female			100%	Nil	Nil		Nil	100%	Nil	Nil
<b>Workers</b>										
Permanent	NA									
Male										
Female										
Other than permanent	NA									
Male										
Female										

### 3 Details of remuneration/salary/wages, in the following format:

#### a. Median remuneration / wages:

The Bank's remuneration practices are underpinned by principles of meritocracy and fairness. The remuneration system strives to maintain the ability to attract, retain, reward and motivate talent in order to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates. The Bank's pay-for-performance approach strives to ensure that both internal and external equity are in line with the emerging market trends. The Bank has formulated and adopted a Remuneration Policy for Non-Executive Chairman and Non-Executive Directors of the Bank which provides guidelines for payment of remuneration to the Non-Executive Chairman and Non-Executive Directors of the Bank. During fiscal 23 -24.

Gender	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	08	01		
Key Managerial Personnel	03	00		
Employees other than BoD and KMP				
Workers	00			

#### b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

Segment	FY 2023-24 (Current Financial Year)	FY 2022- 23 (Previous Financial Year)
Gross wages paid to females as % of total wages	Please refer to 'Disclosure on Remuneration' of the Annual Report 2023-24 .	

### 4 Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. The Bank Has HR Policy in place that address different aspect of the Human Right.

### 5 Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Bank has in place an employee HRMS portal through which employee can communicate their grievances or concerns to the Management in a confidential and secure manner.

The Bank also has an Internal Complaints Committee for the Prevention of Sexual Harassment (POSH) to provide safe and secure environment for its female employees, also working on various aspects related to awareness, training and redressed.

Bank's through its Code of Conduct lays down standards for acceptable employee behaviour on various professional and ethical aspects. The bank maintain highest standards of ethics, integrity, accountability and transparency and provide safeguards to various stakeholders including shareholders, depositors and employees.



## 6 Number of Complaints on the following made by employees and workers:

Category	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	10	1	Investigation under process	13	0	NA
Discrimination at workplace	Nil	Nil	Nil	Nil	Nil	Nil
Child Labour	Nil	Nil	Nil	Nil	Nil	Nil
Forced Labour/ Involuntary Labour	Nil	Nil	Nil	Nil	Nil	Nil
Wages	Nil	Nil	Nil	Nil	Nil	Nil
Other Human rights related issues	Nil	Nil	Nil	Nil	Nil	Nil

## 7 Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24 (Current Financial Year)	FY 2022- 23 (Previous Financial Year)
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	10	13
Female employees / workers	0.3%	0.5%
Complaints on POSH as a % of female employees / workers	0.3%	0.5%
Complaints on POSH upheld	6	10

## 8 Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases

### IC Quarterly meetings;

Awareness sessions

Educating employees through POSH case studies

## 9 Do human rights requirements form part of your business agreements and contracts (Yes/No)

As the Bank recognises that human rights are inherent to all human beings and upholds the dignity of every individual associated with it, the Bank's policies, and code of conduct with the stakeholders ensures the Bank's philosophy of upholding human rights. The Bank procures goods and services from certified vendors. The procedures and decision-making process of the Social Environmental and Management System (SEMS) are systematically incorporated in our business processes and awareness is also created among vendors and customers to comply with applicable social, environmental laws and protection of human rights to inculcate right practices in their operations.

## 10 Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	Nil
Forced/involuntary labour	Nil
Sexual harassment	Not Applicable
Discrimination at workplace	Nil
Wages	
Others – please specify	

## 11 Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above. Not Applicable

## Leadership Indicators

**1 Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.** Nil**2 Details of the scope and coverage of any Human rights due-diligence conducted.**

The Bank has in place an ESG Policy. The Policy integrates Environmental and Social Risk consideration in the Bank's credit appraisal mechanism

**3 Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes, as a Bank serving the unserved and underserved individuals, the Bank has put in place various initiatives and provisions across its offices and branches to ease the banking services to differently abled visitors.

**4 Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	Not Conducted
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

**5 Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.** NA

## PRINCIPLE 6

**Businesses should respect and make efforts to protect and restore the environment**

## Essential Indicators

**1 Details of total energy consumption (in KVAH) and energy intensity, in the following format:**

Parameter	FY 2023-24	FY 2022-23
<b>From renewable sources</b>		
Total electricity consumption (A)	3883.05	4819.82
Total fuel consumption (B)	7430	10007
Energy consumption through other sources (C)	173890	55260.84
Total energy consumed from renewable sources (A+B+C)	1259946	1404107.84
<b>From non-renewable sources</b>		
Total electricity consumption (D)	Nil	Nil
Total fuel consumption (E)	Nil	Nil
Energy consumption through other sources (F)		
Total energy consumed from non-renewable sources (D+E+F)		
Total energy consumed (A+B+C+D+E+F)		
Energy intensity per rupee of turnover (Total energy consumed/ revenue from operations)		



Parameter	FY 2023-24	FY 2022-23
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)		
(Total energy consumed / Revenue from operations adjusted for PPP)		
Energy intensity in terms of physical output		
Energy intensity (optional) – the relevant metric may be selected by the entity		

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency

**2 Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Given the nature of the Bank's business operations, this is not applicable to the Bank.

**3 Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2023-24	FY 2022-23*
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water		
(ii) Groundwater	11483.83	8109.90
(iii) Third party water (tanker)		
(iv) Seawater / desalinated water		
(v) Water from municipal corporation		
(vi) Others- Water Bottles		
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	<b>11483.83</b>	<b>8109.90</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>11483.83</b>	<b>8109.90</b>
Water intensity per rupee of turnover (Total water consumption / Revenue from operations)	NA	NA
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)		
Water intensity in terms of physical output		
Water intensity (optional) – the relevant metric may be selected by the entity		

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency

**4 Provide the following details related to water discharged:**

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23* (Previous Financial Year)
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water		
No treatment		
With treatment – please specify level of treatment		
(ii) To Groundwater	2873.6	735.77
No treatment		
With treatment – please specify level of treatment	STP	STP
(iii) To Seawater		
No treatment		
With treatment – please specify level of treatment		
(iv) Sent to third-parties (Municipal Sewers)		
No treatment		
With treatment – please specify level of treatment		
(v) Others		
No treatment		
With treatment – please specify level of treatment		
<b>Total water discharged (in kilolitres)</b>	<b>2873.6</b>	<b>735.77</b>

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency

- 5 Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

NA

**6 Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit KWH	FY 2023-24	FY 2022-23
NOx		318.4	N/A
Sox		35.9	
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)		75.1	
Others – please specify		318.4	

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency- No

**7 Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	N/A		
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)			
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)			
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)			
Total Scope 1 and Scope 2 emission intensity in terms of physical output			
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity			

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency.

**8 Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

Yes, The Bank has taken the following initiatives for reducing green house gas emission:

- Installed 140kW solar PV unit which offsets more than 20% of annual energy demand.
- CO<sub>2</sub> sensors have been installed at each floor level for monitoring and ensuring the CO<sub>2</sub> level does not cross the threshold of 900 ppm which is eliminating the sick-building syndrome by maintaining good indoor air quality.
- Energy efficient lighting fixtures are installed in the building which are reducing the lighting load of the building.
- Building orientation and design of façade has been done in a way to reduce the 3% annual heat gain of the building compared to a conventional building.
- By installing AAC blocks instead of red clay bricks, puff insulation in roof, double glaze unit, recessed windows, high COP chillers, thermostats, BMS, cooling tower with VFD, high efficiency motors, demand control ventilation, lighting management system, our building is 40% energy efficient than conventional building.
- Lighting management system is provided that monitors and controls the lighting as per the occupancy patterns. Lighting control is also designed to schedule the interior & exterior lighting.



- Low flow fixtures are installed which helps to reduce 70% water demand compared to a conventional building.
- 90 KLD STP provided on-site is treating 100% wastewater generated on-site that leads to zero wastewater discharge from site.
- More than 25% cement with fly ash and 100% AAC blocks & fly ash bricks are used in the building to reduce the need for virgin materials in the building structure

54% area covered with high SRI tiles, shaded by trees and cantilevered roof, which is further reducing the heat gain in the building

## 9 Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24	FY 2022-23
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	N/A	
E-waste (B)	330	
Bio-medical waste (C)		
Construction and demolition waste (D)		
Battery waste (E)		
Radioactive waste (F)		
Other Hazardous waste (Oil-soaked cotton waste, DG filters, paint cans, chemical cans, paint residue, oil sludge, DG chimney soot, coolant oil and used oil). Please specify, if any. (G)		
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)		
<b>Total (A+B + C + D + E + F + G + H)</b>		
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)		
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)		
Waste intensity in terms of physical output		
Waste intensity (optional) – the relevant metric may be selected by the entity		
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled		
(ii) Re-used		
(iii) Other recovery operations		
<b>Total</b>		
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration		
(ii) Landfilling		
(iii) Other disposal operations		
<b>Total</b>		

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency

## 10 Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes

Given the nature of the Bank's business activities, which is providing banking products and services to serve its customers and stakeholders, it largely consumes resources for running its banking operations. This includes purchased electricity and the use of diesel gen sets at its branches, and use of paper in its banking forms, statements, and other such documents that the Bank uses to conduct its banking activities.

Through varied initiatives, the Bank works towards reducing its resource consumption, as well as focus on enhancing energy efficiency. In addition, the digitization of its internal processes has aided its efforts, such as by replacing the need for paper.

The waste paper and plastics are given to local scrap dealers for recycling purposes. In general, the Bank does not utilise any hazardous and toxic chemicals in its products and processes, thus, it does not generate any hazardous or toxic by-product or waste as an outcome

**11 If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

Sl. No	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any
1	N/A		
2			

**12 Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
			NA		

**13 Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

Sl. No	Specify the law / regulation / guidelines which was not complied with	Provide details of the noncompliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
1	No such non-compliance			
2				

## Leadership Indicators

**1 Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):** NA

**For each facility / plant located in areas of water stress, provide the following information:**

- (i) Name of the area
- (ii) Nature of operations
- (iii) Water withdrawal, consumption and discharge in the following format:

Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area
- (ii) Nature of operations



(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water		
(ii) Groundwater		
(iii) Third party water	NA	
(iv) Seawater / desalinated water		
(v) Others		
<b>Total volume of water withdrawal (in kilolitres)</b>		
<b>Total volume of water consumption (in kilolitres)</b>		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
No treatment		
With treatment – please specify level of treatment		
(ii) Into Groundwater		
No treatment		
With treatment – please specify level of treatment		
(iii) Into Seawater		
No treatment		
With treatment – please specify level of treatment		
(iv) Sent to third-parties		
No treatment		
With treatment – please specify level of treatment		
(v) Others		
No treatment		
With treatment – please specify level of treatment		
<b>Total water discharged (in kilolitres)</b>		

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency

## 2 Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 3 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent		
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency

## 3 With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

As an institution providing financial services, the Bank does not cause any significant, direct impact on biodiversity. However, as a part of its ESG Policy for Lending, the Bank assesses the environmental and social risks as part of its lending decisions under Wholesale Banking.

- 4 If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

Sl. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	NA		
2			

- 5 Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

The Bank have Business Continuity Plan (BCP) framework, which is an integral component of its overall risk governance framework and has been put in place to ensure continuity of service to its large customer base. The effectiveness of the approved Business Continuity Plan (BCP) framework is tested for all identified critical internal activities to ensure readiness to meet various contingency scenarios.

- 6 Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard**

NA

- 7 Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

NA

#### PRINCIPLE 7

- Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

#### Essential Indicators

- 1 a. Number of affiliations with trade and industry chambers/ associations. (As below)**  
**b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

Sl. No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State / National)
1	Indian Bank Association (IBA) – Ordinary Member	National
2	FICCI – Associate Membership	National
3	ASFBI – Association of SFBs	National
4		
5		
6		
7		
8		
9		
10		



## 2 Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
NA		

### Leadership Indicators

## 1 Details of public policy positions advocated by the entity:

Sl. No	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
1	There is no such public Policy				
2					

### PRINCIPLE 8

- Businesses should promote inclusive growth and equitable development

### Essential Indicators

## 1 Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
NA					

## 2 Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Sl. No	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
NA						

## 3 Describe the mechanisms to receive and redress grievances of the community.

A link is provided at Utkarsh Bank website through which grievances can be received.

<https://www.utkarsh.bank/help-and-support/>

#### 4 Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Parameter	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/ small producers	The items which are acquired for consumption at requisite local branch/offices are preferably procured from MSMEs of the respective districts.	
Directly sourced within India		

#### 5 Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2023-24 (Current Financial Year)	FY 2022-23 (Current Financial Year)
Rural	Confidential	
Semi-urban		
Urban		
Metropolitan		

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

### Leadership Indicators

#### 1 Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
NA	

#### 2 Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

	Auran-gabad, Bihar	Chan-daui, UP	Godda, Jhar-khand	Haridwar, UK	Palamu, Jhar-khand	Purnia, Bihar	Ranchi, Jhar-khand	Sonb-hadra, UP	Udham Singh Nagar, UK	Total
Health Program	0	0	2,92,135.00	1,26,651.00	165.00	0	0	6,29,000.00	0	10,47,951.00
Education	0	0	0	3,54,855.00	0	0	0	0	0	3,54,855.00
EDP	0	0	0	0	0		0	0	0	0
VDP	0	0	0	0	0	0	0	0	0	0
E Clinic	0	0	0	2,11,265.20	0	3,20,000.00	0	74,000.00	1,89,692.56	7,94,957.76
APC	0	0	0	0	0	0	0	0	0	0
MUSP	0	0	0	0	0	0	0	0	0	0
FL	165.00	448.40	0	6,280.00	0	424.80	212.40	4,014.00	213.00	11,757.60
Charitable	0	0	0	0	0	0	0	0	0	0
Head Office	0	0	0	0	0	0	0	0	0	0
PRP	0	62,710.00	0	14,985.00	0	0	0	0	1,11,830.00	1,89,525.00
CRP	0	0	0	2,09,506.00	0	0	0	0	30,000.00	2,39,506.00
<b>Total</b>	<b>165.00</b>	<b>63,158.40</b>	<b>2,92,135.00</b>	<b>9,23,542.20</b>	<b>165.00</b>	<b>3,20,424.80</b>	<b>212.40</b>	<b>7,07,014.00</b>	<b>3,31,735.56</b>	<b>26,38,552.36</b>

- 3 (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)** No
- (b) From which marginalized /vulnerable groups do you procure?** NA
- (c) What percentage of total procurement (by value) does it constitute?** NA



#### 4 Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Sl. No	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
1		NA		
2				

#### 5 Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
	NA	

#### 6 Details of beneficiaries of CSR Projects:

Sl. No	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Financial literacy	1,34,155	90%*
2	Health Initiatives	2,09,668	90%
3	Education	10,111	90%
4	Skill, Vocational and Entrepreneurship Development	1,087	90%
5	Village Development Program	4,835	90%

\* Approximately 90% of the beneficiaries from CSR projects are from Vulnerable and marginalized group in on working with Vulnerable and Marginalized groups, however since we work in the entire village(s) some percentage of the beneficiaries would be those who do not fall under Vulnerable and marginalised groups.

### PRINCIPLE 9

- Businesses should engage with and provide value to their consumers in a responsible manner

### Essential Indicators

#### 1 Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Bank has Grievance Redressal Policy which aims to provide a structured mechanism for receipt/resolution of customer complaints and an efficient review mechanism to improve product/service delivery based on review/analysis of complaints. The Bank's policy on grievance redressal strives to ensure that:

- Customers are always treated fairly, and the Bank's employees work in good faith without prejudice to the interests of customers.
- Complaints received from customers are dealt with courtesy and resolved efficiently.
- Complaint resolution by the Bank is fair, consistent and in accordance with applicable rules and regulations.
- Customers are fully informed of avenues to escalate their complaints/grievances within the organization and their rights to alternative remedy, if they are not fully satisfied with the response/ resolution provided by the Bank.

The Policy would be available on the notice board of all branches and also on the Bank's website to ensure that all customers are aware of the complaint submission and escalation process. Further, the Bank would ensure that the employees are aware about this Policy and the complaint resolution process.

- A customer has full right to register his complaint if he is not satisfied with the services provided by the Bank. He can communicate his complaint in writing, orally or over telephone. If a customer's complaint is not resolved within a reasonable/assured time frame or if he is not satisfied with the solution provided by the Bank, he may approach the Banking Ombudsman with his/her complaint or pursue other legal avenues available for grievance redressal, Detail Policy can be access through following Link- [https://www.utkarsh.bank/uploads/policy/Grievance\\_Redressal\\_Policy.pdf](https://www.utkarsh.bank/uploads/policy/Grievance_Redressal_Policy.pdf)
- In line with RBI guidelines, all customer claims pertaining to unauthorized Electronic Banking transactions will be governed by the Consumer Protection Policy of the Bank, a copy of which is available on the Bank's website.

## 2 Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	
Safe and responsible usage	NA
Recycling and/or safe disposal	

## 3 Number of consumer complaints in respect of the following:

Category	FY 2023-24			FY 2022-23		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	NA	0	0	NA
Advertising	0	0	NA	0	0	NA
Cyber-security	188	0	NA	76	0	NA
Delivery of Products	0	0	NA	0	0	NA
Quality of Products	0	0	NA	0	0	NA
Restrictive Trade Practices	0	0	NA	0	0	NA
Unfair Trade Practices	0	0	NA	0	0	NA
Other	6978	72	Most of the cases were related to Transaction Dispute wherein our dependency on Acquirer bank and some were related to Fraud, IB/MB Related, Discrepancy in Statement etc. were resolved within TAT.	20723	238	Most of the cases were related to Transaction Dispute wherein our dependency on Acquirer bank and some were related to UPI Related, Fraud, IB/MB Related, SMS/OTP etc. were resolved within TAT.

## 4 Details of instances of product recalls on account of safety issues:

	Number
Voluntary recalls	NA
Forced recalls	

## 5 Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy. Yes, Data Privacy Policy ([utkarsh.bank](https://www.utkarsh.bank))



- 6 Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services NA
- 7 Provide the following information relating to data breaches:
  - a. Number of instances of data breaches 0
  - b. Percentage of data breaches involving personally identifiable information of customers 0
  - c. Impact, if any, of the data breaches NA

#### Leadership Indicators

- 1 Channels / Platforms where information on products and services of the entity can be accessed (provide web link, if available).

Utkarsh Small Finance Bank provides affordable banking services, including savings and current accounts, fixed deposits, recurring deposits, and various loan products such as housing loans, business loans, and loans against property. The bank adheres to stringent norms set by the Reserve Bank of India, and its representatives follow key codes, policies, and commitments toward customers, which are accessible on the bank's website <https://www.utkarsh.bank/>

- 2 Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Utkarsh Small Finance Bank consistently aims to offer seamless services. The bank actively engages with customers through Client meet and Finance literacy camp, providing valuable information for the safe and responsible use of its products and services.

- 3 Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services

The Bank has adequate measures in place towards informing its customers of any risks of disruption or discontinuation of its services, which are also guided by the appropriate regulations for the Bank as per Bank's Business Continuity.

- 4 Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

The bank prioritizes transparency by ensuring that contracts and agreements are easily understood and well-communicated to customers. This includes providing information on product pricing, associated risks, terms and conditions, and customer responsibilities. The bank achieves this through various means, such as displaying product-related information on their website, offering clear communication channels, and training staff to provide accurate information.

## Annexure E to the Board's Report

### Compliance Certificate

[Pursuant to Regulation 13 of the Securities Exchange Board of India  
(Share Based Employee Benefits and Sweat Equity) Regulations, 2021]

To,  
The Members of,  
**Utkarsh Small Finance Bank Limited,**  
Utkarsh Tower, NH - 31 (Airport Road), Sehmalpur, Kazi Sarai,  
Harhua, Varanasi, Uttar Pradesh, PIN – 221105

We, BNP & Associates, Company Secretaries in Practice, were appointed as the Secretarial Auditors of **Utkarsh Small Finance Bank Limited (hereinafter referred to as 'the Bank')**, having CIN U65992UP2016PLC082804 having its registered office at Utkarsh Tower, NH - 31 (Airport Road), Sehmalpur, Kazi Sarai, Harhua, Varanasi, Uttar Pradesh, PIN – 221105, vide a resolution passed by the Board of Directors of the Bank at its meeting held on March 21, 2023, for the financial year ended 31<sup>st</sup> March, 2024.

The Management of the Bank has requested us to issue the required certificate with respect to the Utkarsh Small Finance Bank Limited ("USFBL") – Employee Stock Option 2020 – Scheme 1 ("Scheme") (hereinafter referred to as the 'Scheme'). This Certificate of compliance, for the year ended 31<sup>st</sup> March, 2024, is issued under Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (hereinafter referred to as "**the Regulations**").

#### Management Responsibility:

It is the responsibility of the Management of the Bank to implement the Scheme including designing, maintaining records and devising proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

#### Verification:

The Bank has the following Utkarsh Small Finance Bank Limited (USFBL) – Employee Stock Option 2020 – Scheme 1 ("Scheme") which is in operation viz:

USFBL Employee Stock Option 2020- Scheme 1 which is a part of USFBL Employee Stock Option Plan 2020 of the Company, as noted above, have been approved by the Shareholders of the Company by way of a Special Resolution at their General Meeting held on December 28, 2020 and the same was amended on July 19, 2022 to ensure compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

The approval granted by the Shareholders through Special resolutions dated December 28, 2020 and July 19, 2022 and the USFBL Employee Stock Option 2020- scheme 1 which is a part of USFBL Employee Stock Option Plan 2020 of the Company are in strict compliance with the applicable provisions of the Companies Act, 2013, the Rules framed thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

Further as on Board Meeting dated September 23, 2023 Utkarsh Small Finance Bank Limited (USFBL) - USFBL MD & CEO Employee Stock Option Plan 2020 ("MD & CEO ESOP plan") was cancelled and withdrawn by the Board based on the recommendation of Nomination and Remuneration Committee and in accordance with powers vested under the USFBL MD & CEO Employee Stock Option Plan 2020, the provisions of the Memorandum and Articles of Association of the Company and the applicable guidelines and clarifications issued by any statutory / regulatory and that no options were granted or vested till date and the consent received from the MD & CEO.



For the purpose of verifying compliance of the Regulations, we have examined the following:

1. Scheme received from/ furnished by the Bank;
2. Articles of Association of the Bank;
3. Resolutions passed at the meeting of the Board of Directors;
4. Shareholders' Resolution passed at the General Meeting by the members and Postal ballot for approving/ratification of the scheme respectively;
5. Detailed terms and conditions of the scheme as approved by Nomination and Remuneration Committee;
6. Stakeholders' Relationship Committee's resolutions for allotment of equity shares during the Financial Year 2023-24;
7. Valuation Report;
8. Certificate of Compliance from PCS under Regulation 10(b) of the Regulations;
9. Bank Statements towards Application money received under the Scheme during Financial Year 2023-24;
10. Disclosures by the Board of Directors in their Report;
11. Relevant provisions of the Regulations, Companies Act, 2013 and Rules made thereunder, as applicable;
12. Other relevant documents/filings/records/information as sought and made available to us for issuing this Certificate.

### **Certification:**

In our opinion and to the best of our knowledge and according to the verifications as considered necessary and explanations furnished to us by the Bank and its officers, we certify that the Bank has implemented the aforesaid Scheme in accordance with the applicable provisions of the Regulations and the Shareholders Resolutions.

Assumption & Limitation of Scope and Review:

1. Ensuring the authenticity of documents and information furnished is the responsibility of the Board of Directors of the Bank.
2. Our responsibility is to give a certificate based upon our examination of relevant documents and information. It is neither an audit nor an investigation.
3. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.
4. This certificate is solely for your information and it is not to be used, circulated, quoted, or otherwise referred to for any purpose other than for the Regulations.

For **BNP & Associates**  
Company Secretaries  
[Firm Regn. No. P2014MH037400]  
[PR No.: - 637/2019]

**Avinash Bagul**

Partner

FCS No.: -F5578

COP No.: - 19862

UDIN: F005.578F000250944

Place: Mumbai  
Date: April 26, 2024

## Annexure F to the Board's Report

## Disclosure Pursuant To Regulation 14 Of Securities And Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014

As On March 31, 2023

**A. Relevant disclosures in terms of the accounting standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 (18 of 2013) including the 'Guidance note on accounting for employee share-based payments' issued in that regard from time to time.**

The disclosure is provided in Note no. 18.16 to the Audited Financial Statements of Utkarsh Small Finance Bank Limited (Bank) for the year ended March 31, 2024.

**B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by Central Government or any other relevant accounting standards as issued from time to time.**

₹ 4.75 per share

**C. Details related to Employee Stock Option Schemes (ESOS) of the Bank**

USFBL Employee Stock Option Plan 2020 (Plan)

1.	<b>Description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including: -</b>	
a.	Date of shareholders' approval	<ul style="list-style-type: none"> <li>- December 28, 2020</li> <li>- July 19, 2022</li> <li>- Date of ratification post IPO- December 09, 2023</li> </ul>
b.	Total number of options approved under ESOS	6,07,41,778 (Six Crore Seven Lakh Forty-One Thousand Seven Hundred and Seventy-Eight only) options
c.	Vesting Requirement	Annual equated vesting as mentioned in ESOP grant letter
d.	Exercise Price or Pricing Formula (₹)	The Exercise Price shall be as determined by the Board/NRC from time to time and subject to such regulations as may be applicable from time to time (subject to conforming to the accounting policies specified in Regulation 15 of the SEBI Regulations). However, such Exercise Price in any case shall not be less than face value of the equity shares of the Bank
e.	Maximum term of options granted	Covered in point c. above.
f.	Source of shares (primary, secondary or combination)	Primary. The Plan involves new issue of equity shares.
g.	Variation in terms of options	Nil
2.	<b>Method used to account for ESOS - Intrinsic or fair value.</b>	<b>Fair Value Method determined based on Black - Scholes - Merton formula</b>
3.	<b>Where the company opts for expensing of the options using the intrinsic value of the options</b>	<b>Not applicable</b>
	the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	
	The impact of this difference on profits and on EPS of the Company	



4.	Option movement during the year (For each ESOS)				
	Particulars	Details			
	Number of options outstanding at the beginning of the period	2,93,85,764			
	Number of options granted during the year	1,63,42,396			
	Number of options forfeited / lapsed during the year	Nil			
	Number of options vested during the year	76,36,899			
	Number of options exercised during the year	36,58,047 (exercised till March 31, 2024)			
	Number of shares arising as a result of exercise of options	36,58,047 (exercised till March 31, 2024)			
	Money realized by exercise of options (₹)	Subscription amount (₹ 9,91,07,940) + Tax amount (₹ 3,14,44,198)			
	Number of options outstanding at the end of the year	3,79,41,888			
	Number of options exercisable at the end of the year	59,16,227			
5.	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock				
	Exercise price(s)	₹ 44.14			
	Fair Value of options granted (₹)	Market value			
6.	Employee wise details				
	senior managerial personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	Name	Designation	Number of options granted during the year	Exercise price
		Govind Singh	Managing Director & Chief Executive Officer	4,23,237	44.14
		Trilok Nath Shukla	Head - Micro Banking	2,80,909	44.14
		Rahul Dey	Head-Internal Audit	1,35,340	44.14
		Alok Pathak	Chief Risk Officer	3,23,000	44.14
		Rahul Sinha	Head- Collections, RCU and Data Analytics	2,49,158	44.14
		Hitain Sharma	Chief Human Resource Officer	2,87,005	44.14
		Muthiah Ganapathy	Company Secretary	1,60,147	44.14
		Abhijeet Bhattacharjee	Chief Information Officer	2,73,207	44.14
		Sarjukumar Pravin Simaria	Chief Financial Officer	1,78,757	44.14
	any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant)	Nil			

7. **A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information**

the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model	The exercise price shall be ₹ 44.14 i.e. i.e. closing price of National Stock Exchange on March 15, 2024 along with a discount rate of 10%.
the method used and the assumptions made to incorporate the effects of expected early exercise;	Nil
how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Nil
whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition	Nil



# Financial Statements

# Independent Auditors' Report

## To The Members of UTKARSH SMALL FINANCE BANK LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **UTKARSH SMALL FINANCE BANK LIMITED** (the "Bank"), which comprise the Balance Sheet as at March 31, 2024, Profit and Loss Account, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 and the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act ("Accounting Standards") as applicable to bank, 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, 2024, its profit and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

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

Sl. No.	Key Audit Matter	Auditor's Response
1	<p><b>Identification of Non-Performing Advances and Provisioning for Advances</b></p> <p>(Refer Schedule 9 read with Note 18.4 to the financial statements)</p> <p>Advances constitute a significant portion of the Bank's assets and the quality of these advances is measured in terms of ratio of Non-Performing Advances ("NPA") to the gross advances of the Bank. The Bank has net advances amounting to ₹ 16,36,481 Lakh as at March 31, 2024.</p> <p>Advances constitute a significant portion of the Bank's assets, and the quality of these advances is measured in terms of ratio of Non-Performing Advances ("NPA") to the gross advances of the Bank. The Bank has gross advances amounting to ₹ 16,62,928 Lakh (Previous Year ₹ 13,35,711 Lakh) and the gross NPA ratio of Bank is 2.51 % (Previous Year 3.23%) as at March 31, 2024.</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"> <li>We have evaluated and understood the Bank's internal control system in adhering to the RBI guidelines;</li> <li>We have analysed and understood key IT systems/applications used and tested the design and implementation as well as operational effectiveness of relevant controls in relation to income recognition, asset classification, viz., standard, sub-standard, doubtful and loss with reference to RBI guidelines and provisioning pertaining to advances;</li> </ul>



Sl. No.	Key Audit Matter	Auditor's Response
	<p>The Reserve Bank of India's ('RBI') guidelines on income recognition, asset classification and provisioning ('IRAC norms') and other RBI guidelines (herein after referred as "RBI guidelines") prescribes the norms for identification and classification of NPAs and the minimum provision required for such assets.</p> <p>The Bank is also required to apply its judgement to determine the identification and provisioning for NPAs by applying quantitative as well as qualitative factors.</p> <p>Since the identification of NPAs and provisioning for advances is significant to the overall audit, we have ascertained this as a key audit matter.</p>	<ul style="list-style-type: none"> <li>We test checked advances to examine the validity and accuracy of the recorded amounts, impairment provision for NPAs, and compliance with IRAC norms and other RBI Guidelines.</li> </ul>
2	<p><b>Key Information technology (IT) systems used in financial reporting process:</b></p> <p>As a Scheduled Commercial Bank that operates on core banking solution ("CBS") and other applications across its branches, the reliability and security of IT systems plays a key role in the business operations. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner.</p> <p>The IT infrastructure is critical for smooth functioning of the Bank's business operations as well as for timely and accurate financial accounting and reporting.</p> <p>Due to the pervasive nature and complexity of the IT environment we have ascertained Key Information technology ("IT") systems used in financial reporting process as a key audit matter.</p>	<p>We involved our IT specialists to obtain an understanding of the Bank's IT related control environment. Furthermore, we conducted an assessment and identified key IT applications, databases and operating systems that are relevant for our audit. For the key IT systems used to prepare accounting and financial information, our areas of audit focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular, our procedures include:</p> <ul style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>We also tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit; including testing of compensating controls or performed alternate procedures.</li> </ul>

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

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

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

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

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

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

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



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

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

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

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

## 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 books of account.
  - f) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act as applicable to the Banks.
  - g) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.
  - h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's internal financial controls with reference to financial statements.
  - i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the entity being a banking company, section 197 of the Act related to the managerial remuneration is not applicable by virtue of Section 35B(2A) of the Banking Regulation Act, 1949.
  - j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Bank has disclosed the impact of pending litigations on its financial position as at the year-end in its financial statements - Refer Schedule 12 to the financial statements;

- ii. The Bank did not have any long-term contracts including derivative contracts as at the year-end for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 18.28 to the financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 18.28 to the financial statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. As stated in note 18.1.1 to the financial statements, the Board of Directors of the Bank has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed 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 softwares for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.
  - vii. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, however, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.
2. We report that during the course of our audit we have visited and performed select relevant procedures at 43 branches. Since the Bank considers its key operations to be automated, with the key applications largely integrated to the Core Banking System, it does not require its branches to submit any financial returns. Accordingly, our audit is carried out centrally at Head Office based on the records and data required for the purpose of Audit being made available to us.

**For Deloitte Haskins & Sells**

Chartered Accountants  
(Firm Registration No. 117365W)

**G. K. Subramaniam**

Partner  
Membership No. 109839  
UDIN: 24109839BKFTFO6672

Place: Mumbai  
Date: April 26, 2024

**For Kirtane & Pandit LLP**

Chartered Accountants  
(Firm Registration No.105215W/W100057)

**Sandeep Welling**

Partner  
Membership No. 044576  
UDIN: 24044576BKAUBD1711

Place: Mumbai  
Date: April 26, 2024



## Annexure “A” to the Independent Auditor’s Report

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

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

We have audited the internal financial controls with reference to financial statements of **UTKARSH SMALL FINANCE BANK LIMITED** (the “Bank”) as of March 31, 2024 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, 2024, 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: 24109839BKFTFO6672

Place: Mumbai

Date: April 26, 2024

#### For Kirtane & Pandit LLP

Chartered Accountants  
(Firm Registration No.105215W/W100057)

#### Sandeep Welling

Partner  
Membership No. 044576  
UDIN: 24044576BKAUBD1711

Place: Mumbai

Date: April 26, 2024



# Balance Sheet

as at March 31, 2024

		(₹ in '000s)	
	Schedule	As at March 31, 2024 Audited	As at March 31, 2023 Audited
<b>CAPITAL and LIABILITIES</b>			
Capital	1	1,09,94,575	89,59,047
Reserves and Surplus	2	1,87,37,308	1,10,44,159
Deposits	3	17,47,25,981	13,71,01,400
Borrowings	4	1,99,50,808	2,34,94,753
Other Liabilities and Provisions	5	1,46,18,098	1,05,73,563
<b>Total</b>		<b>23,90,26,770</b>	<b>19,11,72,922</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	1,24,69,002	1,19,20,566
Balances with banks and money at call and short notice	7	1,78,05,697	1,32,43,064
Investments	8	3,67,94,652	2,85,94,222
Advances	9	16,36,48,091	13,06,87,655
Fixed Assets	10	31,15,775	30,33,239
Other Assets	11	51,93,553	36,94,176
<b>Total</b>		<b>23,90,26,770</b>	<b>19,11,72,922</b>
Contingent Liabilities	12	<b>7,66,654</b>	<b>6,33,543</b>
Bills for Collection		-	-
Significant accounting policies	17		
Notes to the financial statements	18		

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:  
U65992UP2016PLC082804

**Parveen Kumar Gupta**  
Chairman  
DIN : 02895343

**Nagesh Pinge**  
Director  
DIN: 00062900

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

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

**Muthiah Ganapathy**  
Company Secretary  
FCS 5674

Place : Mumbai  
Date : April 26, 2024

Place : Mumbai  
Date : April 26, 2024

# Profit and Loss Account

for the year ended March 31, 2024

(₹ in '000s)

	Schedule	For the year ended March 31, 2024 Audited	For the year ended March 31, 2023 Audited
<b>I INCOME</b>			
Interest Earned	13	3,17,84,115	2,50,49,798
Other Income	14	40,04,012	29,93,062
<b>Total</b>		<b>3,57,88,127</b>	<b>2,80,42,860</b>
<b>II EXPENDITURE</b>			
Interest Expended	15	1,29,26,090	97,59,489
Operating Expenses	16	1,28,89,362	99,00,136
Provisions and Contingencies		49,96,393	43,38,216
<b>Total</b>		<b>3,08,11,845</b>	<b>2,39,97,841</b>
<b>III PROFIT</b>			
Net Profit for the year		<b>49,76,282</b>	<b>40,45,019</b>
Balance in Profit and Loss account brought forward from previous year		<b>56,94,147</b>	<b>25,37,240</b>
<b>Total</b>		<b>1,06,70,429</b>	<b>65,82,259</b>
<b>IV APPROPRIATIONS</b>			
Transfer to Statutory Reserve		12,44,071	10,11,254
Transfer to / (from) Investment Fluctuation Reserve		59,405	(17,986)
Transfer to Capital Reserve		-	-
Deduction during the year		-	(1,05,156)
<b>Balance carried over to Balance Sheet</b>		<b>93,66,953</b>	<b>56,94,147</b>
<b>Total</b>		<b>1,06,70,429</b>	<b>68,28,543</b>
<b>V EARNINGS PER EQUITY SHARE</b>	18.15		
Basic EPS (₹)		<b>4.79</b>	<b>4.52</b>
Diluted EPS (₹)		<b>4.75</b>	<b>4.51</b>
Face Value per share (₹)		<b>10</b>	<b>10</b>
Significant accounting policies	17		
Notes to the financial statements	18		

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:  
U65992UP2016PLC082804

**Parveen Kumar Gupta**  
Chairman  
DIN : 02895343

**Nagesh Pinge**  
Director  
DIN: 00062900

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

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

**Muthiah Ganapathy**  
Company Secretary  
FCS 5674

Place : Mumbai  
Date : April 26, 2024

Place : Mumbai  
Date : April 26, 2024



# Cash Flow Statement

for the year ended March 31, 2024

(₹ in '000s)

S. No	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
I	<b>Cash flow from operating activities</b>		
	Profit before taxes	65,93,863	53,58,142
	<b>Adjustments for:-</b>		
	Depreciation on fixed assets	6,52,665	5,86,550
	Depreciation on investments, net	-	(44,217)
	Amortization of premium on Held to Maturity Investment	1,98,154	2,07,016
	Write-off of non performing advances	31,34,217	38,27,814
	Provision for standard advances and other contingencies (including floating provision)	5,25,275	2,88,919
	Provision for non performing advances (net of reversal)	(2,38,701)	(11,28,850)
	Loss on sale of fixed assets (Net)	578	-
	Other provisions and write off	(2,826)	1,70,531
	(i)	<b>1,08,63,225</b>	<b>92,65,905</b>
	<b>Adjustments for:-</b>		
	(Increase) / Decrease in available for sale (AFS) investments	(29,70,252)	8,99,293
	(Increase) in advances	(3,58,55,951)	(3,10,91,648)
	Increase in deposits	3,76,24,580	3,63,59,575
	(Increase) in other assets	(32,24,409)	(9,02,520)
	Increase in other liabilities and provisions	41,11,086	19,07,832
	(ii)	<b>(3,14,946)</b>	<b>71,72,532</b>
	Payment of direct taxes (iii)	<b>(6,35,936)</b>	<b>(7,07,104)</b>
	<b>Net cash flow generated from operating activities (A)</b>	<b>99,12,340</b>	<b>1,57,31,333</b>
II	<b>Cash flow from/(used in) investing activities</b>		
	Purchase of fixed assets including capital work in progress	(7,04,126)	(7,58,470)
	Proceeds from sale of fixed assets	2,323	4,017
	Purchase of held to maturity (HTM) investments (net of sales)	(54,96,190)	(61,77,077)
	<b>Net cash flow (used in) investing activities (B)</b>	<b>(61,97,993)</b>	<b>(69,31,530)</b>
III	<b>Cash flow from/(used in) Financing Activities</b>		
	Proceeds from issue of share capital	51,36,088	13,268
	Share issue expenses	(1,95,421)	(1,41,336)
	Net (repayments) from borrowings	(35,43,945)	(22,24,596)
	<b>Net cash flow generated / (used in) from financing activities (C)</b>	<b>13,96,722</b>	<b>(23,52,664)</b>
IV	<b>Net increase in cash and cash equivalents (A) + (B) + (C)</b>	<b>51,11,069</b>	<b>64,47,139</b>

# Cash Flow Statement

for the year ended March 31, 2024

(₹ in '000s)

S. No	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
V	Cash and cash equivalents at the beginning of the year	2,51,63,630	1,87,16,491
VI	Cash and cash equivalents at the end of the year	3,02,74,699	2,51,63,630
	<b>Notes to the Cash Flow Statement:</b>		
	Cash and cash equivalents includes the following:		
(i)	Cash in hand (Refer Schedule 6)	7,90,208	14,73,305
(ii)	Balances with Reserve Bank of India (Refer Schedule 6)	1,16,78,794	1,04,47,261
(iii)	Balance with banks and money at call and short notice (Refer Schedule 7)	1,78,05,697	1,32,43,064
	<b>Cash and cash equivalents at the end of the year</b>	<b>3,02,74,699</b>	<b>2,51,63,630</b>

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

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:  
U65992UP2016PLC082804

**Parveen Kumar Gupta**  
Chairman  
DIN : 02895343

**Nagesh Pinge**  
Director  
DIN: 00062900

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

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

**Muthiah Ganapathy**  
Company Secretary  
FCS 5674

Place : Mumbai  
Date : April 26, 2024

Place : Mumbai  
Date : April 26, 2024



# Schedules forming part of the Balance Sheet

as at March 31, 2024

## Schedule 1 - Capital

	As at March 31, 2024	As at March 31, 2023
(₹ in '000s)		
<b>Authorised Capital</b>		
1,300,000,000 Equity shares of ₹10/- each (March 31, 2023: 1,300,000,000 Equity shares of ₹10/- each)	1,30,00,000	1,30,00,000
200,000,000 Preference shares of ₹10/- each (March 31, 2023: 200,000,000 Preference shares of ₹10/- each)	20,00,000	20,00,000
<b>Issued, subscribed and fully paid-up capital</b>		
1,09,94,57,460 Equity shares of ₹10/- each (March 31, 2023: 89,59,04,663 Equity shares of ₹10/- each)	1,09,94,575	89,59,047
<b>Total</b>	<b>1,09,94,575</b>	<b>89,59,047</b>

### Note:

The Bank has 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, 2024	As at March 31, 2023
(₹ in '000s)		
<b>1. Statutory Reserve</b>		
Opening balance	21,58,110	11,46,856
Addition during the year	12,44,071	10,11,254
Deduction during the year	-	-
<b>Total</b>	<b>34,02,181</b>	<b>21,58,110</b>
<b>2. Capital Reserve</b>		
Opening balance	90,207	90,207
Addition during the year	-	-
Deduction during the year	-	-
<b>Total</b>	<b>90,207</b>	<b>90,207</b>
<b>3. Share Premium *</b>		
Opening balance	28,61,462	28,52,026
Addition during the year	31,00,560	9,436
Deduction during the year	4,19,244	-
<b>Total</b>	<b>55,42,778</b>	<b>28,61,462</b>
<b>4. Investment Fluctuation Reserve</b>		
Opening balance	59,813	77,799
Addition during the year	59,405	-
Deduction during the year	-	(17,986)
<b>Total</b>	<b>1,19,218</b>	<b>59,813</b>
<b>5. ESOP Outstanding</b>		
Opening balance	1,80,422	63,624
Addition during the year	75,371	1,21,931
Deduction during the year	39,822	5,133
<b>Total</b>	<b>2,15,971</b>	<b>1,80,422</b>
<b>6. Balance in Profit and Loss Account</b>	<b>93,66,953</b>	<b>56,94,145</b>
<b>Total (1 to 6)</b>	<b>1,87,37,308</b>	<b>1,10,44,159</b>

\* For addition in share premium refer note 18.1.1 and for deduction in share premium refer note 18.1.3

## Schedule 3 - Deposits

	As at March 31, 2024	As at March 31, 2023
(₹ in '000s)		
<b>A. 1. Demand Deposits</b>		
i) From banks	11,01,034	8,74,882
ii) From others	44,67,612	29,65,155
<b>Total</b>	<b>55,68,646</b>	<b>38,40,037</b>
<b>2. Savings Bank Deposits</b>	<b>3,02,54,477</b>	<b>2,47,97,322</b>
<b>3. Term Deposits</b>		
i) From banks	4,09,05,409	3,66,60,154
ii) From others	9,79,97,449	7,18,03,887
<b>Total</b>	<b>13,89,02,858</b>	<b>10,84,64,041</b>
<b>TOTAL (1 to 3)</b>	<b>17,47,25,981</b>	<b>13,71,01,400</b>
<b>B. i. Deposits of branches in India</b>	<b>17,47,25,981</b>	<b>13,71,01,400</b>
<b>ii. Deposits of branches outside India</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>17,47,25,981</b>	<b>13,71,01,400</b>

## Schedule 4 - Borrowings

	As at March 31, 2024	As at March 31, 2023
(₹ in '000s)		
<b>1. Borrowings in India</b>		
i) Reserve Bank of India	15,00,000	15,00,000
ii) Other banks	-	-
iii) Other institutions and agencies		
a) Government of India	-	-
b) Financial institutions	1,62,93,120	1,95,49,900
iv) Capital instruments		
a) Borrowing in the form of bonds and debentures * (subordinated debt included in Tier 2 capital)	21,00,000	23,50,000
v) Other borrowings**	57,688	94,853
<b>Total borrowings in India</b>	<b>1,99,50,808</b>	<b>2,34,94,753</b>
<b>2. Borrowings outside India</b>	<b>-</b>	<b>-</b>
<b>Total (1 + 2)</b>	<b>1,99,50,808</b>	<b>2,34,94,753</b>
Secured borrowings included in 1 and 2 above	15,00,000	15,00,000

Refinance borrowings of ₹1,629.31 crore (March 31, 2023: ₹1,954.99 crore)

\* Represents unsecured bonds and debentures

\*\* Represents payable under lease obligation

## Schedule 5 – Other Liabilities and Provisions

	As at March 31, 2024	As at March 31, 2023
(₹ in '000s)		
<b>1. Bills payable</b>	<b>18,39,849</b>	<b>14,72,278</b>
<b>2. Inter office adjustments (net)</b>	<b>-</b>	<b>-</b>
<b>3. Interest accrued</b>	<b>59,95,618</b>	<b>40,78,642</b>
<b>4. Others (including provisions)</b>	<b>67,82,631</b>	<b>50,22,643</b>
<b>Total (1 to 4)</b>	<b>1,46,18,098</b>	<b>1,05,73,563</b>



## Schedule 6 – Cash and balances with Reserve Bank of India

(₹ in '000s)

	As at March 31, 2024	As at March 31, 2023
1. Cash in hand	7,90,208	14,73,305
2. Balances with Reserve Bank of India		
i) In current account	66,88,794	55,07,261
ii) In other accounts	49,90,000	49,40,000
<b>Total (1 + 2)</b>	<b>1,24,69,002</b>	<b>1,19,20,566</b>

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

(₹ in '000s)

	As at March 31, 2024	As at March 31, 2023
<b>1. In India</b>		
i) Balances with banks		
a) In current accounts	7,42,505	6,10,552
b) In other deposit accounts	18,15,329	36,996
ii) Money at call and short notice		
a) With banks	10,00,000	5,00,000
b) With other institutions	1,42,47,863	1,20,95,516
<b>Total (i+ii)</b>	<b>1,78,05,697</b>	<b>1,32,43,064</b>
<b>2. Outside India</b>		
In current accounts	-	-
In other deposits accounts	-	-
Money at call and short notice	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total (1 + 2)</b>	<b>1,78,05,697</b>	<b>1,32,43,064</b>

## Schedule 8 – Investments

(₹ in '000s)

	As at March 31, 2024	As at March 31, 2023
<b>1. Investments in India (net of provisions)</b>		
i) Government securities *	3,33,16,322	2,56,03,571
ii) Other approved securities	-	-
iii) Shares	-	-
iv) Debentures and bonds	-	-
v) Subsidiaries / joint ventures	-	-
vi) Others (certificate of deposits and mutual funds)	34,78,330	29,90,651
<b>Total</b>	<b>3,67,94,652</b>	<b>2,85,94,222</b>
<b>2. Investments Outside India (net of provisions)</b>		
i) Government securities	-	-
ii) Subsidiaries / joint ventures	-	-
iii) Others (equity shares and bonds)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total (1 + 2)</b>	<b>3,67,94,652</b>	<b>2,85,94,222</b>
<b>3. Investments</b>		
i) Gross value of investments		
a) In India	3,67,94,652	2,85,94,222
b) Outside India	-	-
	<b>3,67,94,652</b>	<b>2,85,94,222</b>
ii) Provision for depreciation		
a) In India	-	-
b) Outside India	-	-
	<b>-</b>	<b>-</b>
iii) Net value of investments		
a) In India	3,67,94,652	2,85,94,222
b) Outside India	-	-
	<b>3,67,94,652</b>	<b>2,85,94,222</b>

\* Include securities of ₹115.76 crore (March 31, 2023: ₹115.08 crore) pledged for clearing facilities and margin requirement

## Schedule 9 – Advances (net of provisions)

	As at March 31, 2024	As at March 31, 2023
(₹ in '000s)		
<b>A. i)</b> Bills purchased and discounted	-	-
ii) Cash credits, overdrafts and loans repayable on demand	46,28,029	41,12,670
iii) Term loans	15,90,20,062	12,65,74,985
<b>Total</b>	<b>16,36,48,091</b>	<b>13,06,87,655</b>
<b>B. i)</b> Secured by tangible assets (includes advances against fixed deposits and book debts)	6,26,46,268	4,32,27,990
ii) Covered by Bank/Government guarantees	192	553
iii) Unsecured	10,10,01,631	8,74,59,112
<b>Total</b>	<b>16,36,48,091</b>	<b>13,06,87,655</b>
<b>C.1 Advances in India</b>		
i) Priority sector	12,37,04,676	10,15,22,583
ii) Public sector	-	-
iii) Banks	-	5,69,897
iv) Others	3,99,43,415	2,85,95,175
<b>Total</b>	<b>16,36,48,091</b>	<b>13,06,87,655</b>
<b>C.2 Advances Outside India</b>		
i) Due from banks	-	-
ii) Due from others	-	-
a) Bills purchases and discounted	-	-
b) Syndicated loans	-	-
c) Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total (C.1 + C.2)</b>	<b>16,36,48,091</b>	<b>13,06,87,655</b>

## Schedule 10 – Fixed Assets

	As at March 31, 2024	As at March 31, 2023
(₹ in '000s)		
<b>1. Premises</b>		
i) At cost at 31st March of the preceding year	11,22,502	11,22,502
ii) Additions during the year / period	-	-
iii) Deductions during the year / period	-	-
iv) Accumulated depreciation to date	34,198	17,465
<b>Total</b>	<b>10,88,304</b>	<b>11,05,037</b>
<b>2. Other Fixed Assets (including furniture and fixtures)</b>		
i) At cost at 31st March of the preceding year	34,35,883	27,68,303
ii) Additions during the year / period	6,43,009	7,28,850
iii) Deductions during the year / period	87,426	61,270
iv) Accumulated depreciation to date	21,15,684	16,02,843
<b>Total</b>	<b>18,75,782</b>	<b>18,33,040</b>
<b>3. Leased Assets</b>		
i) At cost at 31st March of the preceding year	2,62,698	2,42,199
ii) Additions during the year / period	10,573	20,499
iii) Deductions during the year / period	-	-
iv) Accumulated depreciation to date	2,24,419	1,85,853
<b>Total</b>	<b>48,852</b>	<b>76,845</b>
<b>4. Capital Work in Progress #</b>	1,02,837	18,317
<b>Total (1 to 4)</b>	<b>31,15,775</b>	<b>30,33,239</b>

# includes payments which relates to purchase of software and system development expenditure amounting to ₹4.77 crore



### Schedule 11 – Other Assets

	As at March 31, 2024	(₹ in '000s) As at March 31, 2023
1. Inter-office adjustment (net)	-	-
2. Interest accrued	16,49,106	12,49,149
3. Tax Paid in advance/tax deducted at source (net of provision)	83,477	-
4. Stationery and stamps	-	-
5. Non-banking assets acquired in satisfaction of claims	-	-
6. Deferred Tax Asset (net)	10,51,033	8,70,948
7. Others	24,09,937	15,74,079
<b>Total (1 to 7)</b>	<b>51,93,553</b>	<b>36,94,176</b>

### Schedule 12 – Contingent Liabilities

	As at March 31, 2024	(₹ in '000s) As at March 31, 2023
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	2,62,413	2,55,111
ii) Outside India	-	-
6. Acceptances, endorsements and other obligations	-	-
7. Other items for which the bank is contingently liable *	5,04,241	3,78,432
<b>Total (1 to 7)</b>	<b>7,66,654</b>	<b>6,33,543</b>

\* Includes capital commitment of ₹47.87 crore (March 31, 2023: ₹30.66 crore)

Refer Note 18.23.1 for details.

### Schedule 13 – Interest Earned

	For the year ended March 31, 2024	(₹ in '000s) For the year ended March 31, 2023
1. Interest / discount on advances / bills	2,88,00,559	2,27,81,210
2. Income on investments	20,93,328	15,05,355
3. Interest on balance with Reserve Bank of India and Other inter bank funds	8,90,006	7,62,903
4. Others	223	330
<b>Total (1 to 4)</b>	<b>3,17,84,116</b>	<b>2,50,49,798</b>

### Schedule 14 – Other Income

	For the year ended March 31, 2024	(₹ in '000s) For the year ended March 31, 2023
1. Commission, exchange and brokerage	11,06,588	8,52,996
2. Profit/(Loss) on sale/redemption of Investments (net)	-	(14,887)
3. Profit/(Loss) on revaluation of investments	-	15,390
4. Profit/(Loss) on sale of land, building and other assets (net)	-	441
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	28,97,424	21,39,122
<b>Total (1 to 7)</b>	<b>40,04,012</b>	<b>29,93,062</b>

**Schedule 15 – Interest Expended**

(₹ in '000s)

	For the year ended March 31, 2024	For the year ended March 31, 2023
1. Interest on deposits	1,12,08,722	78,43,630
2. Interest on Reserve Bank of India / Inter-bank borrowings	63,294	1,06,373
3. Others	16,54,074	18,09,486
<b>Total (1 to 3)</b>	<b>1,29,26,090</b>	<b>97,59,489</b>

**Schedule 16 – Operating Expenses**

(₹ in '000s)

	For the year ended March 31, 2024	For the year ended March 31, 2023
1. Payments to and provisions for employees*	73,69,513	57,00,569
2. Rent, taxes and lighting	6,82,862	5,80,767
3. Printing and stationery	1,42,538	1,25,075
4. Advertisement and publicity	1,05,223	1,41,666
5. Depreciation on Bank's property	6,52,665	5,86,550
6. Director's fees allowances and expenses	29,558	28,823
7. Auditors' fees and expenses	22,060	19,549
8. Law charges	2,85,439	1,80,306
9. Postage, telegrams, telephones, etc.	3,09,198	2,35,452
10. Repairs and maintenance	2,34,343	1,97,080
11. Insurance	1,48,370	1,16,364
12. Other expenditure**	29,07,592	19,87,935
<b>Total (1 to 12)</b>	<b>1,28,89,361</b>	<b>99,00,136</b>

\* Includes payment of incentives to employees

\*\* 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 ₹1.80 crore (March 31, 2023: ₹1.76 crore) and other expenses ₹0.40 crore (March 31, 2023: ₹0.20 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 received the status of scheduled Bank from Reserve Bank of India and commenced its banking operation from January 2017. The Bank is subsidiary of Utkarsh Core Invest Limited ("the Holding Company").

Pursuant to the condition attached in the approval for small finance bank, the Holding Company entered into a business transfer agreement ("BTA") and transferred its micro finance business to the Bank. Pursuant to the BTA all the assets and liabilities (except certain specified assets and liabilities) including the employees as at January 21, 2017 of the Holding Company were transferred to the Bank on slump sale basis. Further, the non-convertible debentures listed on the stock exchange were also transferred in the name of the Bank as part of BTA which was effective from May 03, 2017.

The Bank has completed the process of initial public offer (IPO) and got its equity shares listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on July 21, 2023.

**17.2 Basis of preparation**

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



### 17.3 Use of estimates

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

### 17.4 Significant accounting policies

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

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

## B Advances

### a) Accounting and Classification

Advances are classified as performing and non-performing (NPA) as per RBI guidelines. Restructured assets are classified and provided for in accordance with the guidelines issued by the RBI from time to time.

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

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

### a) Classification

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

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

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

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

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



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

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

**b) Valuation**

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

**g) Investment Fluctuation Reserve.**

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

**D Fixed assets and depreciation / amortisation****Tangible assets**

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

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

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

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

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

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

**Intangible assets**

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

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

**Impairment of Assets**

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



## **E Foreign Currency transactions**

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

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

## **F Derivatives**

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

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

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

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

## **G Employee benefits**

### **a. Defined Contribution Plan –**

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

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

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

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

## **H Share Issue Expenses**

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

## **I Employee Stock Option Scheme**

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

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

## **J Lease transactions**

A lease is classified at the inception date as finance lease or an operating lease. Assets taken on lease where the Bank acquires substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance lease is capitalised at the commencement of the lease at an amount equal to lower of its fair value and present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of lease liability so as to achieve constant rate of interest on the remaining balance of the liability. The rental obligations, net of finance charges, are reflected as borrowings. Finance charges are recognised as finance costs in the profit and loss account.

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

## **K Taxation**

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

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

The current tax, deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty (supported by convincing evidence of future taxable income) of realization of such assets.

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

## **L Provisions and contingencies**

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

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

## **M Earnings per share (EPS)**

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

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

## **N Cash and cash equivalents**

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



## O Cash Flow Statements

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

## P Segment reporting

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

## Q Priority Sector Lending Certificates

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

## 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.

Particulars	(₹ in crores)	
	As at March 31, 2024	As at March 31, 2023
i) Common Equity Tier 1 (CET) capital	2,722.25	1,844.82
ii) Additional Tier 1 capital	-	-
iii) Tier 1 capital (i + ii)	2,722.25	1,844.82
iv) Tier 2 capital	210.25	241.23
v) Total capital (Tier 1+Tier 2)	2,932.50	2,086.05
vi) Total Risk Weighted Assets (RWAs)	12,993.69	10,105.89
vii) Common Equity Tier 1 (CET) capital ratio (%)	20.95%	18.25%
viii) Tier I capital ratio (%)	20.95%	18.25%
ix) Tier II capital ratio (%)	1.62%	2.39%
x) Capital to Risk Weighted Assets Ratio (CRAR) (%)	<b>22.57%</b>	<b>20.64%</b>
xi) Leverage Ratio	11.42%	9.55%
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 *	509.63	0.81
xiv) Amount of additional Tier I capital raised	-	-
xv) Amount of Tier II capital raised (Refer 18.1.2) below	-	-

\* includes share premium ₹306.07 crore (March 31, 2023: ₹0.43 crore against the fresh issue of equity shares)

### Notes:

- The Bank has followed Basel II Capital Regulations dated July 01, 2015 and amended thereafter for the purpose of Capital Adequacy Ratio in accordance with the operating guidelines for small finance banks as issued by RBI on October 08, 2016.
- The Bank has followed Master Circular No. DBR.No.BP.BC.4/21.06.001/2015-16 on Prudential Guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF) issued by RBI dated July 01, 2015 for the purpose of computing Capital Adequacy Ratio.
- As per RBI, letter DBR.NBD. No. 4502/16.13.218/2017-18 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.
- Refer Note 18.29 for proposed dividend.

### 18.1.2 Tier II Capital

The Bank has not acquired Basel II compliant debt capital instruments during the year ended March 31, 2024 and March 31, 2023.

### 18.1.3 Capital Infusion

During the year ended March 31, 2024 the Bank has 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 in respect of 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 (Previous year ended March 31, 2023, the Bank has allotted 213,025 and 170,116 equity shares to employees and MD & CEO respectively under ESOP scheme having face value of ₹10 each at a premium of ₹17.00 and ₹4.01 respectively for cash aggregating to ₹81,35,000. Accordingly, share capital increased by ₹0.38 crore and share premium increased by ₹0.43 crore). Expense towards the public issue of equity shares amounting to ₹41.92 crore has been adjusted with Securities Premium Account.

(₹ in crores except share data)

Particulars	For the year ended		For the year ended	
	March 31, 2024		March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
Outstanding as at the beginning of the year	89,59,04,663	895.90	89,55,21,522	895.52
Shares issued during the year*	20,35,52,797	203.56	3,83,141	0.38
<b>Outstanding at the end of the year</b>	<b>1,09,94,57,460</b>	<b>1,099.46</b>	<b>89,59,04,663</b>	<b>895.90</b>

\* 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, 2024 and March 31, 2023 other than those disclosed under Schedule 2.

## 18.2.1 Asset Liability Management

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

(₹ in crores)

	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	270.65	668.31	433.53	1,926.08	6,047.82	6,823.99	390.96	42.72	17,472.60
Loans & Advances*	120.67	132.48	145.34	365.02	678.18	609.80	1,948.33	3,489.31	5,431.15	940.55	2,503.98	16,364.81
Investments	239.69	204.48	19.38	117.84	240.33	130.09	357.77	1,065.13	1,200.54	96.13	8.09	3,679.47
Borrowings **	-	0.03	0.03	0.07	60.78	73.12	315.87	626.75	699.05	211.41	7.97	1,995.08
Foreign currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

(₹ in crores)

	As at March 31, 2023											
	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	68.75	578.40	351.43	269.74	405.42	466.61	2,227.07	2,535.82	6,553.74	198.39	54.77	13,710.14
Loans & Advances*	91.33	93.70	140.76	284.55	601.15	588.88	1,728.18	3,092.43	4,325.80	650.17	1,471.82	13,068.77
Investments	141.92	237.15	130.54	65.76	92.77	101.76	384.70	452.25	1,177.96	63.96	10.65	2,859.42
Borrowings **	0.02	0.08	16.72	0.20	44.05	43.38	316.69	453.40	1,234.91	224.40	15.63	2,349.48
Foreign currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

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

### Note:

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



## 18.2.2 Liquidity Coverage Ratio (LCR)

### Qualitative disclosure around LCR

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

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

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

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

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

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

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

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

## Quantitative Disclosures

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

(₹ in crores)

	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)
<b>High Quality Liquid Assets</b>								
1 Total High Quality Liquid Assets (HQLA)		3,774.63		3,580.43		3,563.86		3,237.13
<b>Cash Outflows</b>								
2 Retail deposits and deposits from small business customers, of which:	8,302.21	821.88	7,623.23	757.70	-	675.48	-	637.39
(i) Stable Deposits	166.90	8.35	92.47	4.62	83.00	4.15	76.56	3.83
(ii) Less Stable Deposits	8,135.31	813.53	7,530.76	753.08	6,713.27	671.33	6,335.65	633.57
3 Unsecured wholesale funding, of which:	3,330.50	2,482.49	3,153.13	2,035.76	-	-	-	-
(i) Operational deposits (all counterparties)	616.04	61.12	651.59	64.80	655.48	65.22	638.52	63.56
(ii) Non-operational deposits (all counterparties)	488.49	195.39	884.31	353.72	1,068.33	427.33	533.80	213.52
(iii) Unsecured debt	2,225.97	2,225.97	1,617.23	1,617.23	1,922.47	1,922.47	1,425.19	1,425.19
4 Secured wholesale funding	-	-	-	-	-	-	-	-
5 Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6 Other contractual funding obligations	767.87	172.78	38.85	38.85	51.18	51.18	52.00	52.00
7 Other contingent funding obligations	56.00	56.00	742.60	36.59	678.01	33.33	969.65	47.96
8 TOTAL CASH OUTFLOWS	-	3,533.14	-	2,873.11	-	3,175.00	-	2,439.63
<b>Cash Inflow</b>								
9 Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	-	1,157.95	-	885.43	-	1,483.61	-	1,674.02
11 Other cash inflows	-	8.60	-	8.60	-	7.93	-	7.89
12 Total Cash Inflows	-	1,166.55	-	894.03	-	1,491.54	-	1,681.92
13 Total HQLA		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
<b>Liquidity Coverage Ratio (%)</b>		159.50%		180.91%		211.70%		427.23%



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

	(₹ in crores)							
	Quarter ended March 31, 2023		Quarter ended December 31, 2022		Quarter ended September 30, 2022		Quarter ended June 30, 2022	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>								
1 Total High Quality Liquid Assets (HQLA)		3,156.83		2,805.81		2,736.77		3,089.35
<b>Cash Outflows</b>								
2 Retail deposits and deposits from small business customers, of which:	5,882.23	585.00	5,238.35	521.20	4,759.41	473.57	4,451.37	442.94
(i) Stable Deposits	64.41	3.22	52.80	2.64	47.45	2.37	43.88	2.19
(ii) Less Stable Deposits	5,817.82	581.78	5,185.55	518.56	4,711.95	471.20	4,407.49	440.75
3 Unsecured wholesale funding, of which:	3,244.44	2,198.73	2,608.54	1,593.64	2,752.50	1,751.39	2,795.22	1,770.63
(i) Operational deposits (all counterparties)	666.54	66.19	589.93	58.70	568.59	56.64	491.24	48.94
(ii) Non-operational deposits (all counterparties)	742.25	296.90	806.13	322.45	815.26	326.11	970.49	388.20
(iii) Unsecured debt	1,835.65	1,835.65	1,212.49	1,212.49	1,368.65	1,368.65	1,333.50	1,333.50
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	55.65	55.65	78.03	78.03	79.80	79.80	27.77	27.77
7 Other contingent funding obligations	1,039.73	51.48	740.19	36.50	621.91	30.67	596.35	29.45
8 Total Cash Outflows		2,890.86		2,229.36		2,335.43		2,270.79
<b>Cash Inflow</b>								
9 Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	1,935.15	1,460.92	1,845.92	1,396.70	1,440.67	1,052.67	958.24	607.34
11 Other cash inflows	12.06	6.03	11.09	5.55	10.76	5.38	11.99	5.99
12 Total Cash Inflows	1,947.22	1,466.95	1,857.01	1,402.24	1,451.44	1,058.05	970.23	613.33
13 Total HQLA		3156.83		2805.81		2736.77		3089.35
14 Total Net Cash Outflows (8-12)		1423.91		827.12		1277.38		1657.46
<b>Liquidity Coverage Ratio (%)</b>		221.70%		339.23%		214.25%		186.39%

**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, which has been relied upon by the auditors.



### 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.

#### Quantitative Disclosures

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

(₹ in crores)

NSFR Disclosure					
	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item					
1 Capital: (2+3)	2,973.19	-	-	-	2,973.19
2 Regulatory capital	2,973.19	-	-	-	2,973.19
3 Other capital instruments	-	-	-	-	-
4 Retail deposits and deposits from small business customers: (5+6)	2,798.42	1,270.11	2,569.90	3,640.10	9,844.66
5 Stable deposits	-	-	-	-	-
6 Less: stable deposits	2,798.42	1,270.11	2,569.90	3,640.10	9,844.66
7 Wholesale funding: (8+9)	783.89	2,407.97	3,712.24	2,285.04	4,950.42
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	783.89	2,407.97	3,712.24	2,285.04	4,950.42
10 Other liabilities: (11+12)	1,462.05	-	-	-	-
11 NSFR derivative liabilities	-	-	-	-	-
12 All other liabilities and equity not included in the above categories	1,462.05	-	-	-	-
13 Total ASF (1+4+7+10)					17,768.27
RSF Item					
14 Total NSFR high-quality liquid assets (HQLA)	1,727.81	268.29	50.34	3,013.00	3,220.66
15 Deposits held at other financial institutions for operational purposes	743.13	553.07	3.16	0.54	127.62
16 Performing loans and securities: (17+18+19+21+23)	-	3,999.82	3,489.31	8,722.58	10,911.52
17 Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-

(₹ in crores)

	NSFR Disclosure				
	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	328.71	253.10	399.41	515.35
19 Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	3,659.72	3,224.90	7,662.27	9,955.24
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:	-	11.39	11.31	660.90	440.93
22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-
23 Securities that are not in default and do not qualify as HQLA, including exchange traded equities	-	347.83	-	-	173.92
<b>24 Other assets: (sum of rows 25 to 29)</b>	-	-	-	-	-
25 Physical traded commodities, including gold	-	-	-	-	-
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
27 NSFR derivative assets	-	-	-	-	-
28 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29 All other assets not included in the above categories	830.93	-	-	153.11	984.04
30 Off-balance sheet items	-	798.73	-	-	39.41
<b>31 Total RSF</b>					<b>15,457.17</b>
<b>32 Net Stable Funding Ratio (%)</b>					<b>114.95%</b>

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

## 18.3 Investments

### 18.3.1 Composition of Investments

Composition of Investments as at March 31, 2024

	Investments in India						Investments outside India				(₹ in crores)	
	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	Total Investments
<b>Held to Maturity</b>												
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
<b>Available for Sale</b>												
Gross	248.26					347.83	596.09					596.09
Less: Provision for depreciation and NPI							-					-
Net	248.26	-	-	-	-	347.83	596.09					596.09
<b>Held for Trading</b>												
Gross							-					-
Less: Provision for depreciation and NPI							-					-
Net							-					-
<b>Total Investments</b>	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)



## Composition of Investments as at March 31, 2023

	Investments in India							Investments outside India				(₹ in crores)
	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	Total In Total Investments vestments
<b>Held to Maturity</b>												
Gross	2,560.36						2,560.36					2,560.36
Less: Provision for non-performing investments (NPI)	-						-					-
Net	2,560.36	-	-	-	-	-	2,560.36					2,560.36
<b>Available for Sale</b>												
Gross	-					299.06	299.06					299.06
Less: Provision for depreciation and NPI						-	-					-
Net	-	-	-	-	-	299.06	299.06					299.06
<b>Held for Trading</b>												
Gross							-					-
Less: Provision for depreciation and NPI							-					-
Net							-					-
<b>Total Investments</b>	2,560.36	-	-	-	-	299.06	2,859.42					2,859.42
Less: Provision for non-performing investments	-	-	-	-	-	-	-					-
Less: Provision for depreciation and NPI							-					-
Net	2,560.36	-	-	-	-	299.06	2,859.42					2,859.42

\* Other investments comprises of Certificate of Deposits (CCD) and commercial Papers (CP)



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

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>i) Movement of provisions held towards depreciation on investments</b>		
a) Opening balance	-	4.42
b) Add: Provisions made during the year	-	-
c) Less: Write off/write back of excess provisions during the year	-	4.42
d) Closing balance	-	-
<b>ii) Movement of Investment Fluctuation Reserve</b>		
a) Opening balance	5.98	7.78
b) Add: Amount transferred during the year	5.94	-
c) Less: drawdown during the year	-	1.80
d) Closing balance	11.92	5.98
<b>iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category</b>	2.00%	2.00%

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

During the year ended March 31, 2024 and the previous year ended March 31, 2023 the Bank has not sold and transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year.

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

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

### 18.3.4 Non-SLR investment portfolio

The Bank does not have any Non performing Non-SLR investment as on March 31, 2024 and March 31, 2023

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

Issuer composition as at March 31, 2024 of non-SLR investments

(₹ in crores)

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	-	-	-	-	-
	<b>Total</b>	<b>347.83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

SIDBI is included in Financial Institutions (FIs)

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

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

NABARD is included in Financial Institutions (FIs)

### 18.3.6 Repo/Reverse Repo/MSF Transactions for the year ended March 31, 2024 (In Face Value Terms)

					(₹ in crores)
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
A	Securities sold under repo/MSF				
i.	Government securities	144.53	144.53	144.53	144.53
ii.	Corporate debt securities	-	-	-	-
iii.	Any other securities	-	-	-	-
B	Securities purchased under reverse repo				
i.	Government securities	95.83	643.33	454.93	-
ii.	Corporate debt securities	-	-	-	-
iii.	Any other securities	-	-	-	-

### Repo/Reverse Repo/MSF Transactions during the year ended March 31, 2023 (In Face Value Terms)

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



## 18.4 Asset Quality

### 18.4.1 Classification of advances and provisions held

(₹ in crores)

Particulars	As at March 31, 2024					
	Standard Advances	Non-performing Advances			Total Non-performing Advances	Total
		Sub-standard	Doubtful	Loss		
<b>(i) Gross Standard Advances and NPAs</b>						
Opening balance	12,925.61	352.67	78.83	-	431.50	13,357.12
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	
<b>(ii) Provisions (excluding Floating Provisions)</b>						
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
<b>(iii) Net NPAs</b>						
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 *****	
<b>(iv) Floating Provision</b>						
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
<b>(v) Technical write-offs and the recoveries made thereon</b>						
(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

(₹ in crores)

Particulars	As at March 31, 2023					
	Standard Advances	Non-performing Advances			Total Non-performing Advances	Total
		Sub-standard	Doubtful	Loss		
<b>(i) Gross Standard Advances and NPAs</b>						
Opening balance	9,982.56	615.80	32.36	-	648.16	10,630.72
Add: Additions during the year					521.09	
Less: Reductions during the year *					737.75	
Closing balance	12,925.61	352.67	78.83	-	431.50	13,357.11
* Reductions in Gross NPAs due to						
(i) Up – gradations					260.11	
(ii) Recoveries (excluding recoveries made from up-graded accounts)					94.86	
(iii) Technical/ Prudential Write-offs					369.59	
(iv) Write-offs / Waiver other than those under (iii) above					13.19	
<b>(ii) Provisions (excluding Floating Provisions)</b>						
Opening balance of provisions held	48.92	370.30	32.28	-	402.58	451.50
Add: Fresh provisions made during the year					474.36	
Less: Excess provision reversed/ Write-off loans **					588.60	
Closing balance of provisions held	63.25	210.63	77.71	-	288.34	351.59
<b>(iii) Net NPAs</b>						
Opening balance		245.50	0.08	-	235.80 ***	
Add: Fresh additions during the year					(36.15) ****	
Less: Reductions during the year					149.15	
Closing balance		142.04	1.12	-	50.51 *****	
<b>(iv) Floating Provision</b>						
Opening balance						9.78
Add: Additional provision made during the year						82.87
Less: Amount drawdown during the year						-
Closing balance of floating provision						92.65
<b>(v) Technical write-offs and the recoveries made thereon</b>						
(a) Opening balance Technical/ Prudential written-off accounts						430.46
(b) Add: Technical/ Prudential write-offs during the year						369.59
(c) Less: Recoveries made from previously technical/ prudential written-off accounts during the year						35.52
(d) Closing balance						764.53

\*\* Write back includes excess provision ₹87.04 crore and Reversal on account of write off ₹313.42 crore (31 March 2023: Write back includes excess provision ₹205.82 crore and Reversal on account of write off ₹382.78 crore)

\*\*\* net off floating provisions amounting to ₹92.65 crore (March 31, 2023: ₹9.78 crore)

\*\*\*\* net off floating provisions amounting to ₹55.97 crore (March 31, 2023: ₹82.87 crore)

\*\*\*\*\* net off floating provisions amounting to ₹148.62 crore (March 31, 2023: ₹92.65 crore)

# Closing balance is net of IBPC of ₹1,670 crore as on March 31, 2024 (March 31, 2023: ₹600 crore)

Ratios (in %)	As at March 31, 2024	As at March 31, 2023
Gross NPA to Gross Advances	2.51%	3.23%
Net NPA to Net Advances	0.03%	0.39%
Provision coverage ratio including floating provision	98.92%	88.29%



#### 18.4.2 Sector Wise Advances and Gross NPAs:

(₹ in crores)

Sl. No.	Sector	As at March 31, 2024		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>A</b>	<b>Priority Sector*</b>			
1	Agriculture and allied activities	6,554.39	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 loan and others	2,772.13	130.31	4.70%
	Housing	241.48	10.28	4.26%
	Others	2,530.65	120.03	4.74%
	<b>Sub-total (A)</b>	<b>12,608.71</b>	<b>372.79</b>	<b>2.96%</b>
<b>B</b>	<b>Non Priority Sector</b>			
1	Agriculture and allied activities	-	-	-
2	Industry	39.16	-	-
3	Services	1,318.80	-	-
	Other NBFC	147.64	-	-
4	Personal loan and others	2,662.61	44.79	1.68%
	Housing	450.90	18.85	4.18%
	Loans against Properties	535.21	8.30	1.55%
	Other retail loans	1,103.66	13.81	1.25%
	<b>Sub-total (B)</b>	<b>4,020.57</b>	<b>44.79</b>	<b>1.11%</b>
	<b>Total (A+B)</b>	<b>16,629.28</b>	<b>417.58</b>	<b>2.51%</b>

(₹ in crores)

Sl. No.	Sector	As at March 31, 2023		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>A</b>	<b>Priority Sector*</b>			
1	Agriculture and allied activities	6,054.53	257.57	4.25%
2	Advances to industries sector eligible as priority sector lending	486.57	1.95	0.40%
	Vehicle, Vehicle parts and Transport Equipments	131.52	0.36	0.27%
	Other Industries	337.09	1.60	0.47%
3	Services	1,195.64	3.57	0.30%
	Trade	274.41	0.61	0.22%
	Other Services	864.24	2.97	0.34%
4	Personal loan and others	2,733.13	128.60	4.71%
	Housing	204.52	10.05	4.91%
	Others	2,528.61	118.56	4.69%
	<b>Sub-total (A)</b>	<b>10,469.87</b>	<b>391.69</b>	<b>3.74%</b>
<b>B</b>	<b>Non Priority Sector</b>			
1	Agriculture and allied activities	-	-	-
2	Industry	-	-	-
3	Services	-	-	-
4	Personal loan and others	2,887.24	39.81	1.38%
	Housing	330.11	17.00	5.15%
	Loans against Properties	391.87	4.59	1.17%
	Advances against Fixed Deposits	200.79	-	0.00%
	Others	1,811.61	17.85	0.99%
	<b>Sub-total (B)</b>	<b>2,887.24</b>	<b>39.81</b>	<b>1.38%</b>
	<b>Total (A+B)</b>	<b>13,357.11</b>	<b>431.50</b>	<b>3.23%</b>

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 and has been furnished by the management, which has been relied upon by the auditors.

#### 18.4.3 Overseas Assets, NPAs and Revenue

During the year ended March 31, 2024 and March 31, 2023, there are no overseas assets, NPAs and revenue.

#### 18.4.4 Particulars of Restructured Accounts:

During the year ended March 31, 2024 and March 31, 2023, 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, 2022 there are no reportable matters under (a) and (b) of the above-mentioned circular.

#### 18.4.6 Transfer of loans exposures

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

- (i) During the year ended March 31, 2024 and March 31, 2023, the Bank has not acquired loans not in default.
- (ii) There is no transfer of loan not in default during the year ended March 31, 2024 and March 31, 2023.

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

There is no transfer or acquisition of stressed loans (NPA / SMA) during the year ended March 31, 2024 and March 31, 2023.

#### 18.4.7 Security Receipts (SR)

There is no investments held as security receipts received by sale of NPA to Securitization / Reconstruction Company as at March 31, 2024 and March 31, 2023.

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

Particulars	(₹ in crores)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Number of frauds reported	71	80
Amount involved in frauds	4.08	1.85
Amount of provision made for such frauds (net of recoveries)	2.63	1.23
Amount of Unamortised provision debited from 'other reserves' as at the end of the year		-

Amount of recoveries during the current year is ₹1.45 crore (previous year : ₹0.62 crore) and balance amount of fraud as at the year end of ₹2.63 crore (previous year : ₹1.23 crore) is fully provided.



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

(₹ in crores 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, 2023	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, 2024
Personal Loans	10.08	0.97	-	1.27	7.84
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	8.38	1.04	-	4.08	3.26
<b>Total</b>	<b>18.46</b>	<b>2.01</b>	<b>-</b>	<b>5.35</b>	<b>11.10</b>

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

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

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

(₹ in crores except number of accounts)

Half year / year ended	No. of accounts restructured	Amount Outstanding – Restructured facility	Amount Outstanding – Other facilities of the customer
March 31, 2024	2	0.05	0.00
September 30, 2023	2	0.08	0.00
March 31, 2023	2	0.11	0.00

### 18.5 Exposure

#### 18.5.1 Exposure to Real Estate Sector

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>1) Direct exposure</b>		
(a) Residential Mortgages -	3,471.85	2,145.73
of which housing loans eligible for inclusion in priority sector advance	249.45	207.47
(b) Commercial Real Estate	86.20	56.44
(c) Investments in Mortgage Backed Securities (MBS) and other securitised expo	-	-
i. Residential Mortgages	-	-
ii. Commercial Real Estate	-	-
<b>2) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	147.64	106.57
<b>Total Exposure to Real Estate Sector</b>	<b>3,705.69</b>	<b>2,308.74</b>

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

**18.5.2 Exposure to Capital Market:**

(₹ in crores)		
Particulars	As at March 31, 2024	As at March 31, 2023
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows / issues;	-	-
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix) Financing to stockbrokers for margin trading;	-	-
(x) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure to Capital Market</b>	<b>-</b>	<b>-</b>

**18.5.3 Risk Category wise Country Exposure:**

The Bank's exposures are concentrated in India, hence country risk exposure as at March 31, 2024 is ₹Nil (March 31, 2023: ₹Nil).

**18.5.4 Unsecured Advances**

(₹ in crores)		
Particulars	As at March 31, 2024	As at March 31, 2023
i) Total unsecured advances of the bank	10,100.16	8,735.07
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 ₹1,285.81 crore (March 31, 2023: ₹1,178.91 crore)

**18.5.6 Factoring exposures**

The Bank does not have factoring exposure as on March 31, 2024 and March 31, 2023.

**18.5.7 Intra-Group exposures**

There are no intra group exposures as at March 31, 2024 and March 31, 2023.

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

The Bank has three borrowers having Unhedged Foreign Currency Exposure of ₹22.65 crore as at March 31, 2024 (March 31, 2023 - ₹34.19 crore). The Bank made NIL provision during the year ended March 31, 2024. The Bank held no incremental capital on advance to borrowers with Unhedged Foreign Currency Exposure (March 31, 2023: ₹0.03 crore).



### 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, 2024 and March 31, 2023.

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

### 18.6.1 Concentration of Deposits

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Total Deposits of twenty largest depositors *	3,213.43	2,889.25
Percentage of deposits of twenty largest depositors to total deposits of the Bank	18.39%	21.07%

\* Includes certificate of deposits

### 18.6.2 Concentration of Advances

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Total Advances to twenty largest borrowers*	694.78	654.89
Percentage of advances to twenty largest borrowers to total advances	4.12%	4.89%

\* excluding advances against Bank's own term deposits

### 18.6.3 Concentration of Exposures

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Total Exposure to twenty largest borrowers / customers	883.70	756.46
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	5.14%	5.52%

Credit Exposure excludes the exposures which are 100% cash backed

Exposures comprise of credit exposure (funded and non-funded credit limits) and investment exposure excluding other exposure of security placed with CCIL on account of limit for TREPS transaction of ₹1,149.79 crore (March 31, 2023: ₹1,187.04 crore).

### 18.6.4 Concentration of NPA's

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Total Exposure to the top twenty NPA accounts	19.69	9.78
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	4.72%	2.27%

## 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, 2024 and March 31, 2023.

### 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, 2024 and March 31, 2023.

### 18.7.3 Risk Exposure in Derivatives:

The Bank has not engaged in any derivatives contracts during the year ended March 31, 2024 and March 31, 2023. 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, 2024 and March 31, 2023.

### 18.7.4 Credit Default Swap

The Bank has not entered into Credit Default Swap during the year ended March 31, 2024 and March 31, 2023.

### 18.8. Disclosures relating to Securitization

Particulars	(₹ in crores)	
	As at March 31, 2024	As at March 31, 2023
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 securitisations	-	-
* First loss	-	-
* Others	-	-
ii) Exposure to third party securitisations	-	-
* First loss	-	-
* Others	-	-
b) On-balance sheet exposures	-	-
i) Exposure to own securitisations	-	-
* First loss	-	-
* Others	-	-
ii) Exposure to third party securitisations	-	-
* 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.



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

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance of amounts transferred to DEA Fund	-	-
Add: Amounts transferred to DEA Fund during the nine months	-	-
Less: Amounts reimbursed by DEA Fund towards claims	-	-
Closing balance of amounts transferred to DEA Fund	-	-

## 18.11 Disclosure of complaints:

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

Sr. No	Complaints received by the bank from its customers	As at March 31, 2024	As at March 31, 2023
	Complaints received by the bank from its customers		
1	Number of complaints pending at beginning of the year	238	142
2	Number of complaints received during the year *	7,166	20,799
3	Number of complaints disposed during the year *	7,332	20,703
3.1	Of which, number of complaints rejected by the bank	238	134
4	Number of complaints pending at the end of the year	72	238
	Maintainable complaints received by the bank from Office of Ombudsman		
5	Number of maintainable complaints received by the bank from Office of Ombudsman **	172	114
5.1	Of 5, number of complaints resolved in favour of the bank by Office of Ombudsman	85	57
5.2	Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	77	55
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the bank	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

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

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

\*\* Out of 172 BO complaints, in 10 complaints decision are not given by RBI yet (March 31, 2023: Out of 114 BO complaints, 01 complaint from West zone is in open status at financial year end and 01 complaint's decision is not given by RBI from North 2 zone).

### 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
<b>As at March 31, 2024</b>					
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	-
<b>Total</b>	<b>238</b>	<b>7,166</b>	<b>-66%</b>	<b>72</b>	<b>-</b>

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>As at March 31, 2023</b>					
Ground - 1 (Account opening/ difficulty in operation of accounts)	25	7,140	43%	7	-
Ground - 2 (Internet/Mobile/ Electronic Banking)	27	4,828	-2%	46	-
Ground - 3 (ATM/Debit Cards)	52	4,087	7%	149	5
Ground - 4 (Loans and advances)	14	1,082	-16%	2	-
Ground - 5 (Mis-selling/Para-banking)	-	327	-22%	-	-
Others	24	3,335	10%	34	-
<b>Total</b>	<b>142</b>	<b>20,799</b>	<b>13%</b>	<b>238</b>	<b>5</b>

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

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

SEBI in exercise of the powers conferred under Section 15HB of SEBI Act, 1992 had vide its adjudication order dated September 20, 2023 imposed a monetary penalty of ₹0.01 crore on the Bank for certain non-compliances of public issue norms for issuance of Non-Convertible Debentures (NCDs) for ₹25.00 crore. Further, as per the advice received from SEBI, the Bank has made an early repayment of the aforesaid NCDs on August 28, 2023.

No penalty was imposed by RBI on the Bank during the year ended March 31, 2024 and March 31, 2023.

#### 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, 2024, The NRC comprises of two Independent Directors viz Mr. Kajal Ghose and Mr. Parveen Kumar Gupta, one non-independent Director viz Mr. Muralidharan Rajamani.

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

##### A. Appointment criteria and qualifications

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

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

All the employees of the Bank are covered. The total number of employees of the Bank as at March 31, 2024 were 16,081 (31 March 2023: 15,424)

**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.

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

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

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

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



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

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

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

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

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

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

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

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

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

- a) For MD & CEO – The variable remuneration of the MD and CEO is approved by the Reserve Bank of India which includes deferral arrangement for the cash and non cash part of the variable pay which is implemented by the bank as per the advice of the RBI.
- b) All ESOP 's which are granted across all levels in the organization have deferral arrangement in them
- c) Monthly / Quarterly Variable Pay - Based on the nature of the scheme, deferral arrangements are made in the same which differ from channel to channel.

The fraction of deferral to be considered is dependent upon –

- a) Guidelines issued by the Regulator from time to time
- b) Approval as per the overall performance framework approved by the NRC and the Board
- c) Driving right behaviours via the various incentive schemes.

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

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

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

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

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

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

**Quantitative Disclosure-**

As at March 31, 2024 and March 31, 2023 the quantitative disclosure covers MD & CEO and Material Risk takers.

(₹ in croress, except numbers)			
Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
1(i)	Number of meetings held by the Nomination and Remuneration Committee during the financial year.	6	4
1(ii)	Remuneration paid to its members during the financial year (sitting fees)	0.11	0.07
2(i)	Number of employees having received a variable remuneration award during the financial year.	5	6
2(ii)	Number and total amount of sign-on awards made during the financial year.	-	-
2(iii)	Details of Joining bonus, if any, paid as joining / sign on bonus	-	-
2(iv)	Details of severance pay, in addition to accrued benefits, if any.	-	-
3(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	RBI vide its letter dated on May 26, 2023 approved the revised fixed remuneration of ₹2.13 crore to MD & CEO for FY22-23	<p>The total remuneration of ₹2.53 Crore to MD &amp; CEO approved for FY2020-21 has remain unchanged as advised vide letter from RBI date 12 January'2022 and 28 July'2022, however, the fixed and variable pay of MD &amp; CEO have been bifurcated as follows:</p> <p>(1) Fixed Pay including perquisite for FY2020-2021 is approved ₹1.91 Crore p.a.</p> <p>(2) ₹0.62 Crore (comprising cash ₹0.31 Crore and non-cash ₹0.31 Crore) to be paid as Variable pay for the performance period of FY2020-2021.</p> <ul style="list-style-type: none"><li>- Out of cash component of ₹0.31 crore, ₹0.21 crore is paid in the month of Sep'22. rest amount of ₹0.10 crore would be paid in deferred manner in next applicable years.</li><li>- Non-cash component of ₹0.31 crore deferred in the form of ESOPs are as below- In FY 22-23 - ₹0.21 crore In FY 23-24 - ₹0.10 crore</li></ul>



(₹ in croress, except numbers)

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
	<p>Further, RBI vide its letter dated October 06, 2023 approved pay to MD &amp; CEO in the following manner:</p> <p>i. Grant of ₹2.34 crore as fixed pay, including perquisite, for FY23-24</p> <p>ii. Grant of ₹1.36 crore (cash ₹0.544 crore and non-cash ₹0.816 crore) as variable pay (VP) for the performance year FY2022-23, with deferred arrangement as below:</p> <p>The variable pay will be payable as under –</p> <ul style="list-style-type: none"><li>- Cash Variable Compensation - 40% of the total variable compensation would be payable in cash, which would be 0.544 crore of which 0.25 crore would be paid up front and the payment of balance 0.29 crore would be deferred for the next 3 years, to be paid in equal instalments.</li><li>- Non-Cash Variable Compensation,</li><li>- 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 &amp; CEO. Grant of these ESOPs would be deferred in 3 equal instalments. Bank shall apply the Black Scholes model, which would be certified by an authorized valuer appointed by the bank, for arriving at the quantum of number of shares to be allotted to the MD &amp; CEO.</li></ul>	<p>Further, RBI vide its letter dated December 14, 2022 approved the grant of ₹1.00 Crore of variable pay to MD &amp; CEO for FY21-22 in the following manner:</p> <p>i. Grant of ₹1.00 Crore (cash ₹0.40 crore and non-cash ₹0.60 crore) as variable pay for the performance year FY2021-22.</p> <p>ii. The variable pay is to be deferred to non-cash component of variable pay over next 3 years in equal instalments of 33% each. Further, 50% of cash component to be paid upfront and remaining 50% to be deferred in next 3 years in equal instalments. Accordingly,</p> <ul style="list-style-type: none"><li>- Out of cash component of ₹0.40 crore, ₹0.20 crore is paid in the month of Dec'22. rest amount of ₹0.20 crore would be paid in deferred manner in next 3 applicable years. In FY 2022-23, ESOPs offered to material risk takers have deferral clauses as per existing USFBL - ESOP scheme and the deferred cost of ESOPs are as below-</li></ul> <p>In FY 22-23 - ₹0.84 crore In FY 23-24 - ₹0.84 crore In FY 24-25 - ₹0.84 crore In FY 25-26 - ₹0.84 crore</p>	
3(ii)	Total amount of deferred remuneration paid out in the year.	-	-
4	Breakdown of amount of remuneration awards for the year *		
	Fixed	Fixed: 8.28	Fixed : 6.83
	Variable	Variable:1.13	Variable: 0.92
	Deferred	Deferred: 0.12	Deferred: 0.30
	Non-deferred	Non-deferred: 9.41	Non-deferred: 7.75
5(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	-	-
5(ii)	Total amount of reductions during the year due to ex-post explicit adjustments.	-	-

(₹ in croress, except numbers)

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
5(iii)	Total amount of reductions during the year due to ex-post implicit adjustments	-	-
6	Number of MRTs identified**	5 MRTs & 1 WTD	6 MRTs & 1 WTD
7(i)	Number of cases where malus has been exercised.	-	-
7(ii)	Number of cases where clawback has been exercised.	-	-
7(iii)	Number of cases where both malus and clawback have been exercised.	-	-
8	The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	0.4 Crore & 59 times	0.4 Crore & 56 times

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

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

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

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

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

Variable pay amounting to ₹1.36 crore has been approved by RBI for MD & CEO for FY 2022-23. Cash component of ₹0.25 crore of the same has been paid to MD & CEO in the month of Oct'23, rest ₹0.29.4 crore would be paid next 3 years in deferred manner. Non-cash component of ₹0.81.6 crore is deferred in the form of USFBL - ESOPs as per RBI approval.

#### 18.14.1 Business Ratios:

(in crores except percentages and ratio)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Interest income as a % to Working funds <sup>1</sup>	15.70%	15.18%
(ii) Non-Interest income as a % to Working funds <sup>1</sup>	1.98%	1.80%
(iii) Cost of deposits <sup>6</sup>	7.72%	6.86%
(iv) Net interest margin <sup>7</sup>	9.83%	9.74%
(v) Operating profit <sup>2</sup> as a % to Working funds <sup>1</sup>	4.93%	5.07%
(vi) Return on Assets <sup>4</sup> (Working funds <sup>1</sup> )	2.46%	2.45%
(vii) Business <sup>3</sup> (Deposit plus Net Advance) per employee <sup>5</sup>	1.83	1.67
(viii) Profit per employee <sup>5*</sup>	0.03	0.03

#### Notes

- 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.
- Operating profit is net profit/ (loss) for the year before provisions and contingencies.
- "Business" is the total of net advances and deposits (net of inter-bank deposits).
- Return on Assets is net profit/ (loss) after tax divided by working funds.
- 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 ₹3,06,502 [March 31, 2023: ₹2,86,887]

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

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

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
i) Fee / Remuneration from Life Insurance Business	40.17	21.51
ii) Fee / Remuneration from General Insurance Business	4.39	0.93

#### 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, 2024. (March 31, 2023: Nil)

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

Following are the details of PSLC sold by the Bank.

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
General category	-	-
Micro enterprises	1,350.00	1,500.00
Agriculture	-	-
Small/marginal farmers	7,000.00	7,235.00
<b>Total</b>	<b>8,350.00</b>	<b>8,735.00</b>

Following are the details of PSLC purchased by the Bank.

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
General category	-	-
Micro enterprises	-	-
Agriculture	-	-
Small/marginal farmers	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
i) Provisions for NPI	-	-
ii) Provision towards NPA	(23.87)	(112.89)
iii) Provision made towards Income tax	179.77	125.74
iv) Other Provisions and Contingencies	343.74	420.97
a Technical write off	304.93	369.59
b Provision for standard assets	15.08	14.33
c Provision on restructured assets	(5.52)	(16.30)
d Floating provision	55.97	82.87
e Provisions made towards deferred Tax (Net)	(18.01)	5.57
f Provision against fraud *	(3.84)	1.74
g Contingency provision **	(13.00)	(52.00)
h Provision on COVID 19	-	-
i Provision on SMA due to COVID 19	-	-
j Others	8.13	15.17
<b>Total provisions</b>	<b>499.64</b>	<b>433.82</b>

\* Reduction because of movement to NPA and write off of ₹2.01 crore and ₹6.43 crore respectively (March 31, 2023: ₹8.41 crore) and reversal of fraud cases as per forensic audit of Nil (March 31, 2023: ₹2.41 crore)

\*\* The Bank was carrying an additional contingency provision of ₹13 crore as at March 31, 2023 which has been fully utilised in the current year and consequently the provision as at March 31, 2024 is Nil.

**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 crores)

Particulars	As at March 31, 2024	As at March 31, 2023
i) Payment of DICGC Insurance Premium	13.86	11.52
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, 2024 and March 31, 2023.

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

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
i) Banking software charges	72.76	50.47
ii) Commission on business correspondent	54.23	25.98

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

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
i) Income from sale of priority sector lending certificate	103.65	96.14
ii) Recovery in written off account	91.59	58.46
iii) Income from insurance commission	44.56	22.44

**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, 2024 and March 31, 2023.

**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, 2024 and March 31, 2023.

**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.

**18.15 Earnings Per Share (EPS)**

(₹ in crores, except per share data)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Basic</b>		
Weighted average number of equity shares - Basic	1,03,80,13,639	89,56,24,973
Net profit after tax available for equity shareholders (₹)	497.63	404.50
Basic earnings per share	4.79	4.52
<b>Diluted</b>		
Weighted average number of equity shares - Basic	1,03,80,13,639	89,56,24,973
Add: Weighted average number of potential equity shares on account of employee stock options	1,01,82,374	21,75,340



(₹ in crores, except per share data)

Particulars	As at March 31, 2024	As at March 31, 2023
Weighted average number of equity shares - Diluted	1,04,81,96,013	89,78,00,314
Net profit after tax available for equity shareholders (₹)	497.63	404.50
Diluted earnings per share	4.75	4.51
Face value per share	10	10

## 18.16 Employee Stock Option Plan ("ESOP")

### A. Options granted by Holding Company

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

The Holding Company formed Utkarsh ESOP Welfare Trust to issue ESOPs to employees of the Bank as per Employee Stock Option Scheme. Total 12,00,000 equity shares have been reserved under ESOP scheme 2016 and pursuant to Shareholder agreement executed in the year 2016-17 additional 59,89,594 equity shares has been reserved by the Holding Company for the purpose of ESOP scheme.

During the year ended March 31, 2024, the Holding Company granted Nil options to the Bank's employees (March 31, 2023: 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.

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Number of equity shares:		
Outstanding at the beginning of the year	28,59,034	35,58,360
Granted during the year	-	-
Granted during the year with grant effective date pertaining to FY 2019-20	-	-
Lapsed/Cancel during the year	10,37,509	6,11,782
Exercised during the year	4,57,123	87,544
Previous year adjustments	29,582	-
Outstanding at the end of year	13,34,820	28,59,034
Exercisable at the end of year	10,74,586	18,50,571

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 crores, except per share data)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit/(loss)after tax		
- As reported	497.63	404.50
- Proforma	496.03	402.26
(Loss)/Earnings per share		
Basic		
Weighted average number of shares	1,03,80,13,639	89,56,24,973
EPS as reported (₹)	4.79	4.52
Proforma EPS (₹)	4.78	4.49
Diluted		
Weighted average number of shares	1,04,81,96,013	89,78,00,314
EPS as reported (₹)	4.75	4.51
Proforma EPS (₹)	4.73	4.48

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
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 FY2019-20, the Bank introduced Utkarsh Small Finance Bank Limited (USFBL) MD & CEO Employee Stock Option Plan 2020 to offer, grant and issue in one or more tranches, the Stock Options to Mr. Govind Singh, MD & CEO. However, Board of Directors, in their meeting dated 23 September 2023, have cancelled the scheme. No options have been granted out of the scheme so far.

During the year the Bank has granted 1,67,09,150 options (previous year 1,80,82,976 options) under the Utkarsh Small Finance Bank Limited (USFBL) Employee Stock Option Plan 2020, to MD & CEO and other employees as under :-

Date of Grant	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Number of Options	Exercise Price	Number of Options	Exercise Price
01 April 2022 to 16 July 2022	-	-	1,25,000	31.80
01 August 2022	-	-	1,67,71,750	27.00
17 September 2022	-	-	6,26,226	31.80
30 September 2022	-	-	2,00,000	31.80
13 October 2022	-	-	1,20,000	27.00
01 January 2023 to 31 March 2023	-	-	2,40,000	31.80
January 31, 2024	55,000	27.00	-	-
March 16, 2024 *	1,66,54,150	44.14	-	-

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

\*The bank received approval for remuneration to MD & CEO for financial year 2023-24 from RBI on 06 October, 2023 and variable pay for financial year 2022-23 which included non cash variable pay of ₹0.82 cr and advised to defer it in 3 equal instalments. Accordingly, the Bank has granted 423,237 ESOPs to MD & CEO at ₹44.14 per share during the year.



These options are vested on graded basis as follows:

Vesting details	Grant to employees	Grant to MD & CEO		
		Grant dated January 12, 2022	Grant dated September 17, 2022	Other grant
On completion of 1 year	25%	69.00%	33.33%	25%
On completion of 2 years	25%	31.00%	33.33%	25%
On completion of 3 years	25%	-	33.33%	25%
On completion of 4 years	25%	-	-	25%

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Number of equity shares:</b>		
Outstanding at the beginning of the year	2,93,85,764	1,43,22,600
Granted during the year	1,67,09,150	1,80,82,976
Lapsed/Cancel during the year	41,28,225	24,01,125
Exercised during the year	35,52,797	3,83,141
Previous year adjustments	-	2,35,546
Outstanding at the end of year	3,84,13,892	2,93,85,764
Exercisable at the end of year	59,16,227	28,71,225

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

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Dividend yield	1.00%	0.00%
Expected volatility	36.3% to 43%	46.3% to 49.3%
Risk free interest rate	6.93% to 6.99%	6.43% to 7.04%
Expected life in years	2 to 5	2 to 5

## 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 crores)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Provident Fund (refer note below)	40.26	33.54
ESI	4.79	4.29

**Note:** The above amount is netted off with amount of ₹Nil received under the scheme "Pradhan Mantri Rojgar Protsahan Yojana" for the year ended March 31, 2024 (March 31, 2023: Nil).

### 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 crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening defined benefit obligation	23.16	19.48
Current service cost	6.74	5.40
Past service costs	-	-
Interest cost	1.68	1.12
Actuarial losses/ (gains)	(1.40)	(0.53)
Benefits paid	(2.96)	(2.31)
<b>Closing defined benefit obligation</b>	<b>27.22</b>	<b>23.16</b>

## Change in the plan assets

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening fair value of plan asset	22.06	18.84
Expected return on plan assets	1.60	1.31
Employers Contributions	4.90	4.23
Benefit paid	(2.96)	(2.35)
Actuarial gains / (losses) on plan assets	(0.02)	0.03
<b>Closing fair value of plan assets</b>	<b>25.58</b>	<b>22.06</b>

## Net liability / (asset) recognized in the balance sheet

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of funded obligation	27.22	23.16
Fair value of plan assets	25.58	22.06
Deficit/ (Surplus)	1.64	1.10
<b>Net liability / (asset) recognized in the balance sheet</b>	<b>1.64</b>	<b>1.10</b>

## Net cost recognised in the profit and loss account

(₹ in crores)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current service cost	6.74	5.40
Past service costs	-	-
Interest cost	1.68	1.12
Expected return on plan assets	(1.60)	(1.31)
Net actuarial losses / (gains)	(1.38)	(0.56)
<b>Total cost of defined benefit plans included in Schedule 16 Payments to and provisions for employees</b>	<b>5.44</b>	<b>4.65</b>

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

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening net liability	1.10	0.64
Expenses as recognised in profit & Loss account	5.44	4.65
Employers contribution	(4.90)	(4.23)
<b>Net liability / (asset) recognised in balance sheet</b>	<b>1.64</b>	<b>1.06</b>

## Experience adjustment and details of obligations and assets

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020
Present value of funded obligation	27.22	23.16	19.47	15.66	11.28
Fair value of plan assets	25.58	22.06	18.84	14.58	10.81
Deficit / (Surplus)	1.64	1.10	0.63	1.08	0.47
On Plan Liabilities (gains) / losses	(1.40)	(0.53)	(0.43)	0.85	0.75
On Plan Assets (losses) / gains	(0.02)	0.03	(0.08)	(0.43)	(0.14)



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

Category of assets	As at March 31, 2024	As at March 31, 2023
Funds with LIC(through gratuity trust)	100%	100%

#### Key Actuarial Assumptions

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate	7.10%	7.25%
Expected rate of return on plan asset	7.10%	7.25%
Salary escalation	8.50%	8.50%
Attrition rate	14.89% to 40.51%	13.10% to 31.90%

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

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

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

#### 18.18 (A) Business Segments:

In terms of AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No.BP.BC.81/21.04.018/2006-07 dated April 18, 2007 read with DBR.BP. BC No.23/21.04.018/2015-16 dated July 01, 2015 and amendments thereto, the following business segments have been disclosed:

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

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

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

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

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

The following table sets forth the business segment results:

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Revenue	298.33	232.77	218.30	146.08	3,062.18	2,425.44	-	-	3,578.81	2,804.29
Result	62.40	21.01	(51.11)	(28.63)	648.10	543.43	-	-	659.39	535.81
Unallocated expenses									-	-
<b>Operating Profit/(Loss)</b>									<b>659.39</b>	<b>535.81</b>
Income Tax expense (including deferred tax)									161.76	131.31
Extraordinary profit / (loss)									-	-
Net Profit									497.63	404.50
Other Informations:										
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
<b>Total Assets</b>									<b>23,902.68</b>	<b>19,117.29</b>
Segment Liabilities	2,021.28	2,371.21	6,961.81	5,984.69	11,927.92	8,734.44	-	-	20,911.01	17,090.34
Unallocated Liabilities									2,991.67	2,026.95
<b>Total Liabilities</b>									<b>23,902.68</b>	<b>19,117.29</b>

(₹ in crores)

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Revenue	232.77	203.10	146.08	78.56	2,425.44	1,751.99	-	-	2,804.29	2,033.65
Result	21.01	32.70	(28.63)	(58.41)	543.43	105.42	-	-	535.81	79.71
Unallocated expenses									-	-
<b>Operating Profit/(Loss)</b>									<b>535.81</b>	<b>79.71</b>
Income Tax expense (including deferred tax)									131.31	18.25
Extraordinary profit / (loss)									-	-
Net Profit									404.50	61.46
Other Informations:										
Segment Assets	5,425.84	4,258.60	1,593.26	926.96	11,667.03	9,427.90	-	-	18,686.13	14,613.46
Unallocated Assets									431.16	450.31
<b>Total Assets</b>									<b>19,117.29</b>	<b>15,063.77</b>
Segment Liabilities	2,371.21	2,595.95	5,984.69	4,791.05	8,734.44	6,067.67	-	-	17,090.34	13,454.67
Unallocated Liabilities									2,026.95	1,609.10
<b>Total Liabilities</b>									<b>19,117.29</b>	<b>15,063.77</b>

(₹ in crores)



## Notes:

- Business segments have been identified and reported taking into account the target customer profile, nature of products and services, the differential risks and returns, the organization structure, internal business reporting system and guidelines prescribed by RBI.
- Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.
- Unallocated items include Fixed Assets, Capital expenditure, realized gains/losses on their sale, income tax expense, deferred income tax assets/liabilities and advance tax.
- In computing the above information, certain estimates and assumptions have been made by the management and have been relied upon by the auditors.
- 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.

## 18.19 Related Party Transactions

The Bank's related parties with whom transactions entered during the year ended March 31, 2024 are disclosed below:

### 1. Holding Company

Utkarsh CoreInvest Limited (erstwhile Utkarsh Micro Finance Limited)

### 2. Related Company

Utkarsh Welfare Foundation

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

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

Mr. Govind Singh- Managing Director and CEO

Mr. Sarjukumar Pravin Simaria - Chief Financial Officer

Mr. Muthiah Ganapathy - Company Secretary

### 4. Enterprise where KMP exercise significant influence

RAAG Family Private Trust

### 5. Post-employment benefit plan

Utkarsh Small Finance Bank Employees' Gratuity Trust

### 6. Relatives of Key Management Personnel

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

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.

Items / Related Party	(₹ in crores)														
	Utkarsh CoreInvest Ltd (Holding Company)	Utkarsh Welfare Foundation (Fellow Subsidiary)	Utkarsh Small Finance Bank Employees' Gratuity Trust	KMP: Govind Singh (MD & CEO)	KMP: Sarjukumar Pravin Simaria (CFO)	KMP: Muthiah Ganapathy (CS)	Enterprise where KMP exercise significant influence: RAAG Family Private Trust	KMP Relative - Revati Govind Singh	KMP Relative - Ankur Singh	KMP Relative - Achin Singh	KMP Relative - Ramesh Chandra Singh	KMP Relative - Renu Singh	KMP Relative - Parvati Devi	KMP Relative - Nirjala Simaria	Total
Deposits Outstanding as on 31 March 2024	48.05	3.05	0.27	0.26	0.16	0.09	*0.00	0.24	0.01	0.05	0.23	0.28	0.11	0.16	52.96
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	0.28	0.12	0.16	57.96
Interest paid	3.44	0.19	0.01	0.04	*0.00	*0.00	-	0.02	*0.00	*0.00	0.02	0.02	0.01	0.01	3.76
Remuneration	-	-	-	**2.88	1.45	0.54	-	-	-	-	-	-	-	-	4.87
Consultancy Charges	-	-	-	-	-	-	-	-	-	-	0.11	-	-	-	0.11
Contribution to Gratuity Trust	-	-	4.90	-	-	-	-	-	-	-	-	-	-	-	4.90
Withdrawal from Gratuity Trust	-	-	3.59	-	-	-	-	-	-	-	-	-	-	-	3.59
Contribution towards CSR & CER	-	5.12	-	-	-	-	-	-	-	-	-	-	-	-	5.12
ESOP cost cross charged (Refer Schedule 17.1)	(0.81)	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.81)
Service charge for collections	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01
Rent for office space	0.08	-	-	-	-	-	-	-	-	-	-	-	-	-	0.08
ESOP granted	-	-	-	0.82	0.34	0.31	-	-	-	-	-	-	-	-	1.47
Collection by bank on behalf of UCL	1.07	-	-	-	-	-	-	-	-	-	-	-	-	-	1.07
Payment by bank on behalf of UCL	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03
Amount Payable/(Recoverable)	0.22	-	-	-	-	-	-	-	-	-	-	-	-	-	0.22

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

\*\*Includes arrear salary of FY 2022-23 of ₹0.24 crore post revised approval of RBI vide letter dated May 26, 2023 and upfront portion of bonus of ₹0.25 cr for FY 2022-23 and arrear salary of FY 2023-24 of ₹0.10 cr. 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 note 18.16 on ESOP grant to MD & CEO



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

Items / Related Party	"Utkarsh Coreinvest Ltd (Holding Company)	Utkarsh Welfare Foundation (Fellow Subsidiary)	Utkarsh Small Finance Bank Employees' Gratuity Trust	KMP: Govind Singh (MD & CEO)	KMP: Mukund Barsagade (CFO) #	KMP: Sarjukumar Pravin Simaria (CFO)	KMP: Muthiah Ganapathy (CS)	Enterprise where KMP exercise significant influence: RAAG Family Private Trust	KMP Relative - Revati Govind Singh	KMP Relative - Ankur Singh	KMP Relative - Achin Singh	KMP Relative - Ramesh Chandra Singh	KMP Relative - Renu Singh	KMP Relative - Parvati Devi	KMP Relative - Nirmala Simaria	Total
Deposits Outstanding as on March 31, 2023	42.38	1.20	0.08	0.47	-	0.08	0.09	-	0.22	0.01	0.03	0.17	0.28	0.11	0.02	45.14
Amount deposited during the year (excluding CASA deposit)	45.31	-	-	-	-	-	-	-	-	-	-	0.06	0.41	0.09	0.02	45.89
Amount repaid / matured during the year (excluding CASA deposit)	40.70	-	-	-	-	-	-	-	-	-	-	0.04	0.37	0.09	-	41.20
Maximum deposit outstanding during the year	41.99	3.40	1.55	1.05	0.19	0.18	0.10	-	0.27	0.17	0.41	0.18	0.28	0.10	0.02	49.89
Interest paid	2.92	0.13	0.01	0.04	*0.00	*0.00	*0.00	-	0.01	*0.00	0.01	0.02	0.03	0.02	*0.00	3.19
Remuneration	-	-	-	**2.62	0.69	0.72	0.46	-	-	-	-	-	-	-	-	4.49
Consultancy Charges	-	-	-	-	-	-	-	-	-	-	-	0.17	-	-	-	0.17
Contribution towards Gratuity Trust	-	-	3.89	-	-	-	-	-	-	-	-	-	-	-	-	3.89
Withdrawal from Gratuity Trust	-	-	2.66	-	-	-	-	-	-	-	-	-	-	-	-	2.66
Contribution towards CSR	-	3.22	-	-	-	-	-	-	-	-	-	-	-	-	-	3.22
ESOP cost cross charged	(0.46)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.46)
Service charge for collections	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01
Rent for office space	0.09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09
ESOP granted	-	-	-	0.60	-	0.25	-	-	-	-	-	-	-	-	-	0.85
Collection by bank on behalf of UCL	1.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.15
Payment by bank on behalf of UCL	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02
Amount Payable/(Recoverable)	0.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14

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

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

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

**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.

## 18.20 Leases

### Operating Lease

Lease payments made under cancellable operating lease amounting to ₹68.29 crore (March 31, 2023: ₹58.08 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:

Particulars	(₹ in crores)	
	As at March 31, 2024	As at March 31, 2023
Due within one year	69.95	62.22
Due later than one year and not later than five years	215.68	213.31
Due later than five years	71.72	80.47
<b>Total</b>	<b>357.35</b>	<b>356.00</b>

### Finance Lease

The Bank has acquired certain IT hardware assets and ATM machines under finance lease. Lease term of such assets is 7 years. Minimum lease payments (MLP) outstanding in respect of leased assets as at March 31, 2024 are as follows:

Particulars	(₹ in crores)		
	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
<b>Total</b>	<b>8.35</b>	<b>2.58</b>	<b>5.77</b>

Minimum lease payments (MLP) outstanding in respect of leased assets as at March 31, 2023 are as follows:

Particulars	(₹ in crores)		
	Future MLP	Interest not due	Present Value of MLP
Due within one year	5.93	1.21	4.72
Due later than one year and not later than five years	5.73	1.78	3.95
Due later than five years	0.93	0.12	0.81
<b>Total</b>	<b>12.59</b>	<b>3.11</b>	<b>9.48</b>

## 18.21 Current Tax and Deferred Tax

### a. Current Tax

Particulars	(₹ in crores)	
	As at March 31, 2024	As at March 31, 2023
Provision for Income tax	179.77	125.74
Provision for Deferred tax	(18.01)	5.57
MAT credit entitlement	-	-
<b>Total</b>	<b>161.76</b>	<b>131.31</b>

### b. Deferred Tax

Major components of deferred tax assets and deferred tax liabilities are as under:

Particulars	(₹ in crores)	
	As at March 31, 2024	As at March 31, 2023
<b>Deferred tax assets:</b>		
Provision for assets	57.51	49.04
Unamortised processing fees on advances	36.36	28.21
Finance lease	1.45	2.39



(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision against Lease Equalisation	5.56	4.90
Provision on Leave	1.26	1.17
Others	0.69	0.78
	<b>102.83</b>	<b>86.49</b>
<b>Deferred tax liabilities:</b>		
Depreciation on fixed assets	(2.47)	(0.91)
Gain on mark to mark on external commercial borrowings	-	-
Unamortised processing fee on borrowings	0.20	0.30
	<b>(2.27)</b>	<b>(0.61)</b>
<b>Net deferred tax assets / (liability)</b>	<b>105.10</b>	<b>87.10</b>

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

(₹ in crores)

Particulars	As at March 31, 2024	As at March 31, 2023
a. Principal amount due to suppliers under MSMED Act, 2006	11.63	0.43
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	109.86	98.85
d. Interest paid to suppliers under MSMED Act (Section 16)	-	-
e. Interest due and payable towards suppliers under MSMED Act for payments already made	1.54	1.58
f. Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	1.54	1.58

### 18.23.1 Contingent liabilities

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

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

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, 2024 and March 31, 2023. Further, there are no outstanding comfort letters as at March 31, 2024 and March 31, 2023.

**18.24** The board of directors in their meeting dated June 09, 2023 decided to contribute towards corporate social responsibility up to ₹5.12 crore (March 31, 2023: ₹3.22 crore) as required to be spent by Section 135 of the Companies Act, 2013.

Particulars	(₹ in croress)	
	As at March 31, 2024	As at March 31, 2023
a) Gross amount required to be spent by the Bank during the year *	5.12	3.22
b) Amount spent during the year		
(i) Construction / acquisition of any asset	-	-
(ii) Other projects	3.24	3.22
Amount unspent **	1.88	-

\* Refer Note 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 ₹ 1.88 crore in "Unspent CSR Account FY2023-24" 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 ₹ 1.88 crore in "Unspent CSR Account FY2023-24 subsequent to balance sheet date

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

Particulars	(₹ in croress)	
	As at March 31, 2024	As at March 31, 2023
At cost at 31 March of preceding year	24.28	23.07
Additions during the year	16.49	15.07
Deductions during the year	-	-
Depreciation during the year	(16.61)	(13.86)
<b>Net block</b>	<b>24.16</b>	<b>24.28</b>

**18.26** As at March 31, 2024, Bank carries additional floating provision of ₹132.95 crore (₹80 crore as at March 31, 2023). The Bank was carrying an additional contingency provision of ₹13 crore as at March 31, 2023 which has been fully utilised in the current year and consequently the provision as at March 31, 2024 is Nil.

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

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

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



**18.29** The Board of Directors at their meeting held on April 26, 2024, has proposed a dividend of ₹0.50 per share (March 31, 2023: ₹NIL per share) for the year ended March 31, 2024 subject to approval of the members at the ensuing Annual General Meeting. However the effect of the proposed dividend has been reckoned in determining capital funds in the computation of capital adequacy ratios as at March 31, 2024.

**18.30** During the quarter SEBI has determined the settlement amount of ₹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.

**18.31** 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 the Board of Directors of  
**Utkarsh Small Finance Bank Limited**  
CIN:  
U65992UP2016PLC082804

**Parveen Kumar Gupta**  
Chairman  
DIN : 02895343

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

**Muthiah Ganapathy**  
Company Secretary  
FCS 5674

**Nagesh Pinge**  
Director  
DIN: 00062900

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

Place : Mumbai  
Date : April 26, 2024

Place : Mumbai  
Date : April 26, 2024





# AGM Notice



**Utkarsh Small Finance Bank**  
Aapki Ummeed Ka Khaata

**UTKARSH SMALL FINANCE BANK LIMITED**

**CIN:** U65992UP2016PLC082804

*(The Bank is yet to receive approval from the Registrar of Companies for the change of CIN)*

Utkarsh Tower, NH - 31 (Airport Road), Sehmalpur, Kazi Sarai, Harhua,

Varanasi, Uttar Pradesh, PIN – 221105

**Tel No** +91-542-6605555 | **Website:** [www.utkarsh.bank](http://www.utkarsh.bank) | **Email:** [shareholders@utkarsh.bank](mailto:shareholders@utkarsh.bank)

**NOTICE OF 8<sup>th</sup> ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT THE EIGHTH (8<sup>TH</sup>) ANNUAL GENERAL MEETING OF THE MEMBERS OF UTKARSH SMALL FINANCE BANK LIMITED ("USFBL" OR "THE BANK") IS SCHEDULED TO BE HELD ON MONDAY, JULY 22, 2024 AT 2.00 PM (IST) THROUGH VIDEO CONFRENCING (VC) / OTHER AUDIO-VISUAL MEANS ("OAVM") TO TRANSACT THE FOLLOWING BUSINESS**

**Ordinary Business:**

1. To receive, consider and adopt the Audited Financial Statements for the Financial Year ended March 31, 2024 and the Reports of the Board of Directors ("the Board") and the Statutory Auditors' thereon.
2. To declare a Dividend of ₹ 0.50 per equity share for the Financial Year ended March 31, 2024.
3. To reappoint Mr. Muralidharan Rajamani (DIN – 01690363), Non-Executive Non-Independent Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s Deloitte Haskins & Sells, Chartered Accountants (FRN 117365W) and M/s. Kirtane & Pandit, LLP, Chartered Accountants (FRN 105215W/ W100057) as the Joint Statutory Auditors.

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

**"RESOLVED THAT** in accordance with the resolution passed at the 6th Annual General Meeting and pursuant to the provisions of Section 139, 141, 142, 143 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions, if any, of the Banking Regulation Act, 1949 read with Guidelines for appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 issued by Reserve Bank of India (RBI) and applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, (including any statutory

modification(s) or re-enactment(s) thereof for the time being in force) and as recommended by the Audit Committee of the Board and Board of Directors of the Bank, and as approved by RBI vide letter dated May 28, 2024, M/s Deloitte Haskins & Sells, Chartered Accountants (FRN 117365W) and M/s. Kirtane & Pandit, LLP, Chartered Accountants (FRN 105215W/ W100057) be and are hereby re-appointed as the Joint Statutory Auditors of the Bank to hold office from the conclusion of 8th Annual General Meeting till the conclusion of 9th Annual General Meeting, being their third year as Statutory Auditors of the Bank, subject to statutory auditors meeting the eligibility criteria as prescribed under the Act and the RBI regulations, circulars for remuneration as maybe approved by the Board of Directors (including Board or Board Committee(s))."

**RESOLVED FURTHER THAT** for the purpose of giving effect to the aforesaid resolution, the Board (including the Audit Committee of the Board or any other person(s) authorised by the Board or the Audit Committee of the Board in this regard), be and is hereby authorised on behalf of the Bank to do all such acts, deeds, matters and things as it may, in its absolute discretion, deemed necessary or desirable for such purpose and with power on behalf of the Bank to settle all questions, difficulties or doubts that may arise in regard to implementation of the resolution including but not limited to determination of roles and responsibilities / scope of work of the Joint Statutory Auditors, negotiating, finalising, amending, signing, delivering, executing, the terms of appointment including any contracts or documents in this regard, without being required to seek any further consent or approval of the Members of the Bank."



## Special Business:

### 5. Re-appointment of Mr. Parveen Kumar Gupta - Part Time Non-Executive Chairman (DIN: 02895343) w.e.f. October 12, 2024 till August 31, 2026 (both days inclusive)

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

**"RESOLVED THAT** pursuant to Section 10A, 10B(1A), 35B of the Banking Regulation Act, 1949, RBI Notification RBI/2019-20/204 DoR.Appt. No.58/29.67.001/2019-20 dated March 31, 2020 and other relevant provisions of the Banking Regulation Act, 1949, and the rules, guidelines, circulars, notifications issued by the Reserve Bank of India ("RBI") from time to time and to the extent applicable in this regard, applicable provisions of the Companies Act, 2013 (the "Act") read with the rules made thereunder and any other applicable laws (including any statutory modification(s), amendment(s) thereto or re-enactment(s) thereof for the time being in force), and in consonance with the provisions of the Articles of Associations, and pursuant to the recommendation of the Nomination and Remuneration Committee ("NRC") and Board of Directors and subject to the approval of the Reserve Bank of India of the Bank, the consent of members of the Bank be and is hereby accorded for the **re-appointment of Mr. Parveen Kumar Gupta, Independent Director (Non-Executive) (DIN:02895343) as Part-Time Non-Executive Chairman of the Bank, with effect from October 12, 2024 till August 31, 2026** for a monthly compensation (Honorarium) of maximum upto ₹ 2,00,000 (Rupees Two Lakh Only excluding sitting fees and reimbursement of expenses to be paid for attending meetings of the Board and its Committees in accordance with the applicable laws."

**"RESOLVED FURTHER THAT** the Board of Directors of the Bank (which term shall include any Committee authorised by the Board) be and hereby authorized to do all such acts, deeds, matters and things as may be necessary, usual, expedient, including but not limited to making necessary filings / correspondences with the Ministry of Corporate Affairs, Stock Exchange(s), RBI and other Statutory / Regulatory Authorities as may be required or considered necessary or incidental thereto, for giving effect to this resolution.

### 6. Approval of payment of variable pay to Mr. Govind Singh - Managing Director & CEO (DIN: 02470880) for FY 2023-24

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

**"RESOLVED THAT** in partial modification of resolution(s) passed by the Shareholders at the Annual General Meeting held on July 30, 2021 and by the way of Postal ballot on September 23, 2023 for re-appointment of and remuneration for FY 2023-24 to be paid to Mr. Govind Singh as Managing Director

& CEO, respectively and pursuant to the provisions of section 196, 197, 198 and 203 and other applicable sections of the Companies Act, 2013 ("Act"), Section 35B of Banking Regulation Act 1949 and the rules made thereunder and other applicable Acts/Rules, regulations and guidelines in this regard, [including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force] and the recommendation of the Nomination & Remuneration Committee ("NRC") and the approval of the Board of Directors ("Board") and subject to the approval of Reserve Bank of India ("the RBI"), consent of the Members of the Bank be and is hereby accorded for payment of variable pay (maximum) ₹2.28 Crore (inclusive of both cash and non-cash component) to Mr. Govind Singh as Managing Director & CEO (DIN: 02470880) for FY 2023-24.

**"RESOLVED FURTHER THAT** the Board of Directors of the Bank (which term shall include any Committee authorised by the Board) be and hereby authorized to do all such acts, deeds, matters and things as may be necessary, usual, expedient, including but not limited to making necessary filings / correspondences with the Ministry of Corporate Affairs, Stock Exchange(s), RBI and other Statutory / Regulatory Authorities as may be required or considered necessary or incidental thereto, for giving effect to this resolution.

### 7. Re-appointment of Mr. Govind Singh as Managing Director & CEO (DIN: 02470880) for a further period of three years w.e.f. September 21, 2024 to September 20, 2027 (both days inclusive) and approval of remuneration payable for FY 2024-25

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

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re- enactment thereof, for the time being in force), Section 10B(1A)(ii) and Section 35B of the Banking Regulation Act, 1949 and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the rules, guidelines, circulars and notifications issued by the Reserve Bank of India (the "RBI"), from time to time, the provisions of the Articles of Association of the Bank and based on the recommendation of the Nomination and Remuneration Committee ("NRC") and approval of the Board of Directors of the Bank ("Board") and subject to approval of Reserve Bank of India ("RBI"), the consent of the members of the Bank be and is hereby accorded for the re-appointment of Mr. Govind Singh (DIN-02470880) as the Managing Director & CEO of the Bank for a further period of

three years w.e.f. September 21, 2024 to September 20, 2027 (both days inclusive) on the terms and conditions as given below:

- Remuneration: Total remuneration of upto ₹5.36 crore per annum (upto ₹2.69 crore as Fixed Pay + upto ₹ 2.67 Variable Pay – inclusive of both cash and non-cash component.
- The other terms and conditions as applicable to employees would apply to him.

**“RESOLVED FURTHER THAT** in case the Bank has no profits, or its profits are inadequate, the remuneration including the perquisites as aforesaid shall be paid to Mr. Govind Singh, Managing Director & CEO in accordance with the Schedule V and applicable provisions of the Act.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Bank be and hereby authorized to do all such acts, deeds, matters and things as may be necessary, usual, expedient, including but not limited to making necessary filings / correspondences with the Ministry of Corporate Affairs, Stock Exchange(s), RBI and other Statutory / Regulatory Authorities as may be required or considered necessary or incidental thereto, for giving effect to this resolution.

#### 8. Approval for increase in the Authorised Share Capital and consequent amendment to the Memorandum of Association of the Bank

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

**“RESOLVED THAT** pursuant to Section 13, 61, 64 and other applicable provisions if any, of the Companies Act, 2013 as amended from time to time and as may be applicable, including any statutory modifications or re-enactment thereof for the time being in force, and in accordance with the provisions of the Articles of Association of the Bank, consent of the members of the Bank be and is hereby accorded for increase in the Authorised Share Capital of the Bank:

From	To
<b>₹15,00,00,00,000/- (Rupees One Thousand Five Hundred Crore)</b> divided into 1,30,00,00,000 (Rupees One Hundred & Thirty Crore only) Equity Shares of ₹10/- (Rupees ten only) each and ₹2,00,00,00,000/- (Rupees Two Hundred Crore) comprising of 20,00,00,000 (Twenty Crore only) preference shares of face value of ₹10/- (Rupees Ten only) each	<b>₹20,00,00,00,000/- (Rupees Two Thousand Crore only)</b> divided into ₹18,00,00,00,000 (Rupees One Thousand Eight Hundred Crore only) comprising of 1,80,00,00,000 (One Hundred & Eighty Crore ) Equity Shares of ₹10/- (Rupees ten only) each and ₹2,00,00,00,000/- (Rupees Two Hundred Crore only) comprising of 20,00,00,000 (Twenty Crore) preference shares of face value of ₹10/- (Rupees Ten only) each

**“RESOLVED FURTHER THAT** pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Act, read with the Companies (Incorporation) Rules, 2014, including any statutory modification(s) thereof, the existing Clause V of the Memorandum of Association of the Bank be substituted with the following new Clause:

#### Clause V. “

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

**“RESOLVED FURTHER THAT** the Board of Directors of the Bank (hereinafter referred to as “Board” which term shall include a Committee thereof authorized for the purpose) be and hereby authorized to do all such acts, deeds, matters and things as may be necessary, usual, expedient, including but not limited to making necessary filings / correspondences with the Ministry of Corporate Affairs, Stock Exchange(s), Reserve Bank of India and other Statutory / Regulatory Authorities as may be required or considered necessary or incidental thereto, for giving effect to this resolution.

By Order of the Board  
For **Utkarsh Small Finance Bank Limited**

#### Muthiah Ganapathy

Company Secretary & Compliance Officer  
Membership No.- 5674

Date: June 15, 2024

Place: Mumbai



## NOTES:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (the "Act") read with the rules made thereunder, setting out all the material facts relating to the Special Businesses as set out in item no. 5 to 7 of this Notice is annexed herewith. Further, the relevant details with respect to Item No. 3 pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the Secretarial Standard(SS-2) on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is also annexed.
2. In view of the continuing applicability of directions issued by the Ministry of Corporate Affairs ("MCA" vide its Circular nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020 respectively, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid -19", 20/2020 dated May 05, 2020, 02/2021 dated January 13, 2021, 19/2021 dated December 08, 2021, 21/2021 dated December 14, 2021, 02/2022 dated May 05, 2022 and 10/2022 dated December 28, 2022 and subsequent circulars issued in this regard, the latest being 09/2023 dated September 25, 2023 respectively in relation to "Clarification on holding of Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM)" (these circulars collectively to be referred as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its Circular nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 (these circulars collectively to be referred as "SEBI Circulars") and all other relevant circulars issued from time to time, has permitted the holding of the AGM through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the aforesaid MCA & SEBI Circulars, the AGM of the Bank will be held through VC and physical attendance of the Members to the AGM venue is not required. The registered office of the Bank shall be deemed to be the venue for the AGM.
3. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since the AGM shall be held through VC in accordance with the MCA & SEBI Circulars, the requirement of physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxy by the member shall not be applicable and hence the Proxy Form, Attendance Slips and Route map are not annexed to this Notice. However, the Institutional / Corporate Shareholders (i.e., other than individuals/HUF, NRI, etc.) are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
4. The Bank has provided two-way facility of video conferencing (VC) / other audio-visual means (OAVM) and live webcast of the proceedings of the AGM shall be available on July 22, 2024. 2.00 P.M. (IST) onwards. Members are requested to join the 8th AGM, 30 minutes before the time scheduled to start the AGM and the Bank may close the window for joining the VC Facility, 30 minutes after the scheduled time to start the AGM. Attendance of members will be counted as the members who have successfully logged in through VC or OAVM and shall be counted for the purpose of reckoning of the quorum under Section 103 of the Act. Please refer the detailed instructions for attending the AGM through VC covered under this Notice.
5. In line with the MCA Circulars, the Annual Report of the Bank for the Financial Year 2023-24 and AGM Notice have been uploaded on the website of the Bank at [www.utkarshbank.com](http://www.utkarshbank.com). The same can also be accessed on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of National Securities Depository Limited ("NSDL") (agency for providing the facility of conducting AGM through VC and Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
6. The physical copies of all the documents referred to in this Notice and the Statement setting out the material facts in respect of Item nos. 5 to 7 thereof and the Statutory Registers shall be made available at the Bank's registered office for inspection during the normal business hours between 10:00 AM (IST) to 1:00 PM (IST) on working days up to the date of the AGM. Members having any queries, may please write to Company Secretary at [shareholders@utkarsh.bank](mailto:shareholders@utkarsh.bank) in mentioning their name, Folio no./ Client ID and DP ID. The same will be replied by the Bank suitably. Further, during the 8th AGM, members may also access the required documents upon Log-in to NSDL e-Voting system at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
7. In case of joint holders attending the Meeting, only such joint holder whose name appears as the first holder in the order of names as per the Register of Members of the Bank shall be entitled to vote, provided the votes are not already cast by remote e-voting by the first holder.

9. Members can email the Bank at [shareholders@utkarsh.bank](mailto:shareholders@utkarsh.bank) for any questions in advance with regards to the financial statements or any other matter to be placed at the 8th AGM, from their registered email address, mentioning their name, DP ID and Client ID and mobile number. Such questions by the Members shall be taken up during the meeting and replied by the Bank suitably. Further, Members who would like to ask questions during the AGM with regard to the financial statements or any other matter to be placed at the AGM, need to register themselves as speakers by sending their request at [shareholders@utkarsh.bank](mailto:shareholders@utkarsh.bank) from their registered email address mentioning their name, DP ID and Client ID and mobile number. Those Members who have registered themselves as speakers shall only be allowed to ask questions during the AGM, depending upon the availability of time.
10. In terms of the MCA & SEBI Circulars, the Annual report of the Bank and AGM notice are being electronically sent to all the members of the Bank, whose name appear on the Register of Members/ List of Beneficial Owners, as received from NSDL/ Central Depository Services (India) Limited ("CDSL") on June 21, 2024 and who have registered their e-mail addresses with the Depositories/ Depository Participants unless any member has requested for a physical copy of the same. It is however, clarified that all the persons who are members of the Bank as on June 21, 2024. (including those members who may not have received this Notice due to non- registration of their e-mail IDs) shall be entitled to vote in relation to the resolutions specified in this Notice.
11. Members are requested to address all correspondence, including dividend-related matters, to Registrar and Transfer Agent ("RTA") of the Bank at <https://ris.kfintech.com/clientservices/isc> or at their address Selenium Tower B, Plot Nos. 31 & 32 | Financial District, Nanakramguda | Serilingampally Mandal | Hyderabad – 500032
12. Members are requested to note that dividends/ interests, which are not claimed within seven years from the date of transfer to the Bank's Unpaid Dividend/interests Account, shall as per the provisions of Section 124 of the Act read with the rules made thereunder, be transferred to the Investor Education and Protection Fund. Further, pursuant to the provisions of Section 124(6) of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended (IEPF Rules), all shares in respect of which dividend has not been claimed for seven consecutive years shall also be transferred to the demat account of the Investor Education and Protection Fund authority (IEPF Authority). In view of this, Members are requested to claim their dividends/interests from the Bank, within the stipulated timeline.
13. The Board at its meeting held on April 26, 2024 has recommended dividend of ₹0.50 per equity share for the financial year ended March 31, 2024, subject to approval of shareholders at the ensuing AGM.
14. The Bank has fixed July 12, 2024 as the "Record Date" for determining entitlement of Members to final dividend for the financial year ended March 31, 2024, if approved at the AGM.
15. The final dividend once declared at the AGM, shall be paid on or before August 20, 2024, by way of electronic mode to members who have updated their bank account details. In case of members who have not updated their bank account details, the Bank shall dispatch the dividend warrant to such shareholder by post at their registered addresses. We request members to update their KYC details including address with pin code, e-mail address, mandates, nominations, power of attorney, and branch details, bank account number, MICR code, IFSC code, etc. with their depository participants (where shares are held in dematerialised form) and with the Bank's RTA (where shares are held in physical mode).
16. SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialised form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. For this purpose, Members can contact the Bank for assistance in this regard.
17. SEBI had vide its circular dated March 16, 2023 mandated the submission of PAN, KYC details and nomination by holders of physical securities by September 30, 2023. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts and members holding shares in physical form can submit the aforesaid details to the Banks RTA at <https://ris.kfintech.com/clientservices/isc>
19. Pursuant to the Finance Act, 2020, dividend income shall be taxable in the hands of shareholders w.e.f. April 01, 2020 and the Bank is required to deduct tax at source from dividend paid to shareholders at the prescribed rates.
20. Non-Resident Indian Members are requested to contact their respective Depository Participants/RTA (in case of physical shares) for any change in their residential status on return to India for permanent settlement, particulars of their bank account maintained in India with complete name, branch account type, account number and address of Bank with pin code number, if not furnished earlier.



## DETAILS OF E-VOTING AND JOINING AGM THROUGH VC:

### Step 1: Access to NSDL e-Voting system

#### A) Login method for e-Voting for Individual Members holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual Members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Type of Members	Login Method
Individual Members holding securities in demat mode with NSDL.	<p>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on Bank name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</p> <p>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Members/ Members’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Bank name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</p> <p>Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</p>
Individual Members holding securities in demat mode with CDSL	<p>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</p> <p>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by Bank. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly.</p> <p>If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</p> <p>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>

Type of Members	Login Method
Individual Members (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Bank name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

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

Login type	Helpdesk details
Individual Members holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.com">evoting@nsdl.com</a> or call at 022 - 4886 7000
Individual Members holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

## B) Login Method for Members other than Individual Members holding securities in demat mode and Members holding securities in physical mode.

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

Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.

Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Members/Members' section.

Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Bank For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

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



Password details for Members other than Individual Members are given below:

If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

How to retrieve your 'initial password'?

If your email ID is registered in your demat account or with the Bank, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

If your email ID is not registered, please follow steps mentioned below in **process for those Members whose email ids are not registered**

If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

**Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.com](mailto:evoting@nsdl.com) mentioning your demat account number/ folio number, your PAN, your name and your registered address etc.

Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

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

Now, you will have to click on "Login" button.

After you click on the "Login" button, Home page of e-Voting will open.

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

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

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

### **General Guidelines for Members**

1. The Board of Directors have appointed CS Avinash Bagul (Membership No. FCS No. 5578) Partner of BNP & Associates, Company Secretaries as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
2. Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [support@bnpassociates.in](mailto:support@bnpassociates.in) with a copy marked to [evoting@nsdl.com](mailto:evoting@nsdl.com) and [shareholders@utkarsh.bank](mailto:shareholders@utkarsh.bank). Institutional Members (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "**Upload Board Resolution / Authority Letter**" displayed under "**e-Voting**" tab in their login.
3. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

4. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on: 022 - 4886 7000 or send a request to Ms. Pallavi Mhatre – Senior Manager at [evoting@nsdl.com](mailto:evoting@nsdl.com)

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

1. In case shares are held in physical mode please provide Folio No., Name of Members, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [shareholders@utkarsh.bank](mailto:shareholders@utkarsh.bank)
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self -attested scanned copy of Aadhar Card) to [shareholders@utkarsh.bank](mailto:shareholders@utkarsh.bank). If you are an Individual Members holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting for Individual Members holding securities in demat mode.**
3. Alternatively Members/Individual Members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual Members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.
5. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
6. Any person, who acquires shares of the Bank and becomes member of the Bank after dispatch of the notice and holding shares as on the cut-off i.e., June 21, 2024 may obtain the login ID and password by sending a request at [evoting@nsdl.com](mailto:evoting@nsdl.com) or [shareholders@utkarsh.bank](mailto:shareholders@utkarsh.bank).

7. The Scrutiniser shall after the conclusion of voting at the AGM, submit his consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare results (consolidated) within two working days from the conclusion of the meeting.
8. The results of voting shall be declared and the same along with the Scrutiniser's Report shall be published on the website of the Bank ([www.utkarsh.bank](http://www.utkarsh.bank)) and the website of NSDL ([www.evoting.nsdl.com](http://www.evoting.nsdl.com)) immediately after the declaration of results and the same shall also be communicated to BSE Limited and the National Stock Exchange of India Ltd. within two working days from the date of conclusion of the AGM.
9. SEBI vide circular nos. SEBI/HO/OIAE/OIAE\_IAD- 1/P/ CIR/2023/131 dated July 31, 2023 and SEBI/HO/ OIAE/ OIAE\_IAD-1/P/CIR/2023/135 dated August 4, 2023 read with master circular no. SEBI/HO/ OIAE/OIAE\_IAD-1/P/CIR/2023/145 dated August 11, 2023, had issued guidelines towards an additional mechanism for investors to resolve their grievances by way of Online Dispute Resolution ('ODR') through a common ODR portal. Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievance with the Company/its Registrar and Share Transfer Agent directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (<https://smartodr.in/login>).

**10. INSTRUCTIONS FOR MEMBERS FOR VOTING DURING THE E-AGM SESSION:**

1. The e-voting window shall be activated upon instructions of the Chairman during the e-AGM.
2. E-voting during the AGM is integrated with the VC platform and no separate login is required for the same. The shareholders shall be guided on the process during the e-AGM.
3. Members/shareholders attending the e-AGM through Video Conference and who have not cast their vote on resolutions through Remote e-Voting shall be eligible to cast their vote through e-voting system available during the e-AGM.
4. Members who have voted through Remote e-Voting will be eligible to attend the e-AGM, however, they shall not be allowed to cast their vote again during the e-AGM.



**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act"), the following explanatory statement sets out all material facts relating to the business mentioned under Item No. 5 to 7 of the accompanying Notice:**

**Item no. 5**

Reserve Bank of India (RBI) vide their letter Ref. DoR.GOV.No.S1645/29.44.010/2021-22 dated October 12, 2021 had approved the appointment of Mr. Parveen Kumar Gupta as Part-time Non- Executive Chairman of the Bank for a period of 3 years till October 11, 2024.

In view of the valuable contributions made by Mr. Parveen Kumar Gupta, it is proposed to consider the re-appointment of Mr. Parveen Kumar Gupta, as Part Time Non-Executive Chairman of the Bank for a further period with effect from October 12, 2024 till August 31, 2026 which would be in line with his present term as Independent Director on the Board of the Bank.

None of the Bank's Directors and Key Managerial Personnel and their relatives except Mr. Parveen Kumar Gupta and his relatives, are concerned or interested financially or otherwise in the resolution.

Your Directors recommend the passing of the special resolution set out in Item No. 5 of the accompanying Notice.

**Item No. 6 & 7**

The tenure of Managing Director & CEO is due for completion on September 20, 2024 and based on the recommendation of the Nomination and Remuneration Committee and Board at their respective meetings held on January 27, 2024, the Bank had submitted application to RBI vide its letter dated February 10, 2024 for approval of the re-appointment of Mr. Govind Singh as the Managing Director & CEO of the Bank for a further period of three years with effect from September 21, 2024 subject to the approval of the Members and RBI.

The Shareholders vide Postal ballot resolution passed on September 23, 2023 had approved the following:

1. Payment of fixed remuneration for FY 2023-24 to Mr. Govind Singh, Managing Director & CEO (DIN: 02470880) and
2. Variable pay subject to finalization of the financial statements for FY 23-24 and completion of the annual appraisal cycle for FY 2023-24.

In line with the annual appraisal program for senior management for FY 23-24 and the recommendations of the Nomination & Remuneration Committee and approval of the Board of Directors, it is proposed to approve the variable pay to be paid to Managing Director & CEO for FY 2023-24 as per details given below:

**- Variable pay for FY 23-24 – ₹2.28 crore**

**Additionally, the Board of Directors at the recommendation of Nomination & Remuneration Committee at their meeting held on June 15, 2024 approved revision in fixed pay of Mr. Govind Singh for FY 24-25 upto ₹2.69 crore as Fixed Pay subject approval of RBI and Members of the Bank.**

Pursuant to the relevant provisions of the Articles of Association of the Bank, Mr. Govind Singh shall not be liable to retire by rotation in terms of the provisions of Section 152 of the Act, during his tenure.

Mr. Govind Singh is not disqualified from being reappointed as a Managing Director & CEO in terms of Section 164 of the Act and has given his consent to continue to act as a Managing Director & CEO of the Bank. In the opinion of the Board, he fulfils the conditions for the said appointment as prescribed under the relevant provisions of the Act and the relevant Rules made thereunder, the Banking Regulation, Act, 1949 and other guidelines issued by the RBI, from time to time. Mr. Govind Singh has affirmed that he is not de- barred from holding office of the Managing Director & CEO by virtue of any order of Securities and Exchange Board of India or any other regulatory authority. Other details as required to be disclosed in terms of the provisions of Secretarial Standard on General Meetings form part of this Notice.

None of the Bank's Directors, Key Managerial Personnel and their relatives, other than Mr. Govind Singh and his relatives are concerned or interested financially or otherwise in the above resolutions.

Your Directors recommend the passing of the resolution set out in Item No. 6 of the accompanying Notice.

**Item No. 8**

Currently, the Authorized Share Capital of the Bank is ₹15,00,00,00,000/- (Rupees One Thousand Five Hundred Crore) divided into (a) equity share capital of ₹13,00,00,00,000/- (Rupees One Thousand Three Hundred Crore only) comprising of 1,30,00,00,000 (One Hundred and Thirty Crore) equity shares of face value of ₹10/- (Rupees Ten only) each; and (b) preference share capital of ₹2,00,00,00,000/- (Rupees Two Hundred Crore only) comprising of 20,00,00,000 (Twenty Crore) preference shares of face value of ₹10/- (Rupees Ten only) each.

In order to facilitate further issuance of shares by the Bank from time to time and ensure unhindered growth it is proposed to increase the authorised share capital of the Bank to ₹20,00,00,00,000/- (Rupees Two Thousand Crore only) divided into divided ₹18,00,00,00,000 (Rupees One Thousand Eight Hundred Crore only) comprising of 1,80,00,00,000 (One Hundred & Eighty Crore) Equity Shares of ₹10/- (Rupees ten only) each and ₹2,00,00,00,000/- (Rupees Two Hundred Crore only) comprising of 20,00,00,000 (Twenty Crore) preference shares of face value of ₹10/- (Rupees Ten only) each.

None of the Bank's Directors, Key Managerial Personnel and their relatives, are concerned or interested financially or otherwise in the passing of these resolutions.

Your Directors recommend the passing of the resolution set out in Item No. 8 of the accompanying Notice.

By Order of the Board  
For **Utkarsh Small Finance Bank Limited**

Sd/-  
**Muthiah Ganapathy**  
Company Secretary & Compliance Officer

Date: June 15, 2024  
Place: Mumbai



## **BRIEF PROFILE AND OTHER INFORMATION IN TERMS OF THE REGULATION 36(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND THE SECRETARIAL STANDARD ON GENERAL MEETINGS (SS-2) ISSUED BY THE INSTITUTE OF THE COMPANY SECRETARIES OF INDIA**

<b>Particulars</b>	<b>Parveen Kumar Gupta</b>
Age	64
date of first appointment on the Board	01-09-2021
Qualifications	B. Com, ACS, CAIIB
Brief Resume including experience	Mr. Parveen Kumar Gupta is the Part Time Non – Executive Chairman and Independent Director of our Bank. He holds a bachelor's degree of commerce from Guru Nanak Dev University. He has been an associate member of The Institute of Company Secretaries of India since 1986. He is also a certified associate of the Indian Institute of Bankers. He superannuated as a Managing Director of State Bank of India, after working for 38 years in India and abroad. He was also associated with Bank of Baroda as a Senior Advisor.
nature of expertise in specific functional areas	Banking, Finance, Risk Management and Treasury
names of listed entities in which the person also holds the directorship and the membership of Committees of the board along with listed entities from which the person has resigned in the past three years	Please refer Corporate Governance Report for the quarter ended June 2024
shareholding in the company	NIL
No. of Board meetings attended during the year till date	13 Board meetings during FY 2023-24 and 2 Board meeting during FY 2024-25
Terms and conditions of appointment or reappointment	Effective from October 12, 2024 (or such other date as may be permitted by RBI), to August 31, 2026.
relationship with other Directors, Manager and other Key Managerial Personnel of the company	NIL
Remuneration last drawn	Sitting Fees ₹ 37,60,000 Honorarium ₹ 12,00,000
Remuneration sought to be paid	Subject to approval of RBI on monthly compensation (Honorarium) of upto ₹ 2,00,000 (Rupees Two Lakh Only) excluding sitting fees and reimbursement of expenses to be paid for attending meetings of the Board and its Committees in accordance with the applicable laws.

<b>Particulars</b>	<b>Govind Singh</b>
Age	59
date of first appointment on the Board	30-04-2016
Qualifications	B.com (Hons) from Delhi University and Certified Associates of Indian Institute of Bankers (CAIIB) from Mumbai
Brief Resume including experience	Mr. Govind Singh is the Managing Director and Chief Executive Officer of our Bank. He holds a bachelor's degree in commerce from Delhi University. He is a certified associate of the Indian Institute of Bankers. He was previously the Assistant General Manager at ICICI Bank Limited. He has received an award of excellence for Apy Big Believers (ABB) 4.0 by Pension Fund Regulatory and Development Authority in Fiscal 2022. He has also been associated with Surya Fincap Limited, UTI Bank Limited, Allahabad Bank, State Bank of Patiala and Bank International Indonesia.
nature of expertise in specific functional areas	Banking and Finance

Particulars	Govind Singh
names of listed entities in which the person also holds the directorship and the membership of Committees of the board along with listed entities from which the person has resigned in the past three years	Please refer Corporate Governance Report for the quarter ended June 2024
shareholding in the company	483546 equity shares <sup>^</sup>
No. of Board meetings attended during the year till date	13 Board meetings during FY 2023-24 and 2 Board meeting during FY 2024-25
Terms and conditions of appointment or reappointment	Effective from September 21, 2024 to September 20, 2027, subject to approval of RBI
relationship with other Directors, Manager and other Key Managerial Personnel of the company	NIL
Remuneration last drawn	₹2,93,01,189
Remuneration sought to be paid	As given in item no. 6 & 7 of explanatory statement above

<sup>^</sup>Mr. Govind Singh holds 483546 Equity Shares in his individual capacity and 1 Equity Share as a nominee on behalf of our Promoter.

Particulars	Muralidharan Rajamani
Age	63
date of first appointment on the Board	02-03-2021
Qualifications	B.Sc. in Mathematics, Statistics and Physics  M.A in Economics – University of Madras. CAIIB – Indian Institute of Banking and Finance  Executive Education at Stanford University (Strategic Use of Information & Technology).
Brief Resume including experience	Mr. Muralidharan has completed the management of managers program from Stephen M. Ross School of Business, University of Michigan and is a certified associate of the Indian Institute of Bankers. He was previously associated with Edelweiss Tokio Life Insurance Company Limited, Leadership Centre Private Limited, ICICI Bank Limited, Dhanlaxmi Bank Limited and L&T Finance Limited.
nature of expertise in specific functional areas	Banking, Finance and Operations
names of listed entities in which the person also holds the directorship and the membership of Committees of the board along with listed entities from which the person has resigned in the past three years	Please refer Corporate Governance Report for the quarter ended June 2024
shareholding in the company	NIL
No. of Board meetings attended during the year till date	13 Board meetings during FY 2023-24 and 2 Board meeting during FY 2024-25
Terms and conditions of appointment or reappointment	For a period of 5 years (subject to retirement by rotation)
relationship with other Directors, Manager and other Key Managerial Personnel of the company	NIL
Remuneration last drawn	Sitting Fees ₹28,60,000
Remuneration sought to be paid	NA

## IPO Listing

# Charting New Horizons







## News Coverage

# A glimpse of News Coverage received during the year



4 THURSDAY, 1 FEBRUARY 2024
ECONOMY
NEWS HUB

## Utkarsh Small Finance Bank announces Innovative Partnership with Get Set Up App to Empower Active Agers

**Utkarsh Small Finance Bank**  
Aapki Ummeed Ka Khaata

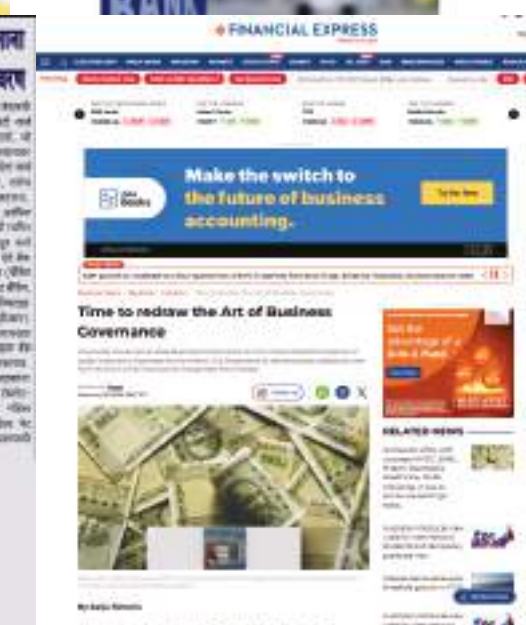
**Key Highlights:**

- The collaboration aims to enhance independence and financial well-being among older adults.
- Get Set Up will introduce a series of customized classes and workshops specifically designed for older adults.
- These programs will cover a variety of subjects, including financial literacy, digital skills, and health management.
- Additionally, the program will provide social interaction and support for older adults.

**Empowering Through Education and Community Connection**

Utkarsh Small Finance Bank is committed to providing comprehensive financial solutions and support to its customers. This partnership with Get Set Up App is a significant step towards empowering older adults and ensuring their financial well-being.

Utkarsh Small Finance Bank is pleased to announce its partnership with Get Set Up App. This collaboration aims to provide older adults with the necessary skills and knowledge to manage their finances effectively. The bank's commitment to social responsibility and community support is evident in this initiative.





## Engagements And Endeavors

The Marketing Branding and Communication division of the Bank provide a holistic approach in building the Brand, and in communicating its message to its existing and prospective customer efficiently and effectively through various platforms and through the right medium. Presented here are a glimpses of the initiatives of the department through the year,

## Social Drives



## Campaigns



## Utkarsh Marathon





Utkarsh Small Finance Bank  
Aapki Ummeed Ka Khaata

## Campaigns & Activities



## Health Checkup Camps



## Other Activities



# Corporate Information

## BOARD OF DIRECTORS

**Mr. Parveen Kumar Gupta**

Part-time Non-Executive Chairman and Independent Director

**Mr. Ajay Kumar Kapur**

Non-Executive Independent Director

**Mr. Chandra Shekhar Thanvi**

Nominee Director of SIDBI

(Non-Executive Non-Independent)

**Mr. Kajal Ghose**

Non-Executive Independent Director

**Ms. Kalpana Prakash Pandey**

Non-Executive Independent Director

**Mr. Muralidharan Rajamani**

Non-Executive Non-Independent Director

**Mr. Nagesh Dinkar Pinge**

Non-Executive Independent Director

**Mr. Govind Singh**

Managing Director and Chief Executive Officer

## KEY MANAGERIAL PERSONNEL

**Mr. Govind Singh**

Managing Director & CEO

**Mr. Sarju Simaria**

Chief Financial Officer

**Mr. Muthiah Ganapathy**

Company Secretary

## JOINT STATUTORY AUDITORS

**Deloitte Haskins & Sells**

Chartered Accountants 19th Floor, Shapath - V, S. G. Highway Ahmedabad - 380 015, Gujarat, India.

**Kirtane & Pandit LLP**

Chartered Accountants, 601, 6th floor, Earth Vintage Building Near MCGM Pumping Station, Senapati Bapat Marg, Dadar West, Mumbai - 400028

## SECRETARIAL AUDITORS

**BNP & Associate, Company Secretaries**

A/102, 1st floor, Ramkripa CHS, above Indusind Bank, SVP Road, Borivali West, Mumbai - 400092

## REGISTRAR & SHARE TRANSFER AGENT

**For Equity Shares**

M/s. KFIN Technologies Limited Selenium Building, Tower-B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana - 500032

**For Listed Debentures**

M/s. NSDL Database Management Limited 4th Floor, Trade World, 'A' Wing, Kamala Mills Compound, Lower Parel (West), Mumbai - 400013, Maharashtra

## DEBENTURE TRUSTEE

**Catalyst Trusteeship Limited**

(Erstwhile GDA Trusteeship Limited) Office No. 83-87, 8th Floor, Mittal Tower, "B Wing", Nariman Point, Mumbai - 400021, Maharashtra

**IDBI Trusteeship Services Limited**

Ground Floor, Asian Building, 17, R Kamani Rd, Ballard Estate, Fort, Mumbai - 400001, Maharashtra

## REGISTERED & CORPORATE OFFICE

**Utkarsh Small Finance Bank Limited**

Utkarsh Tower, NH - 31 (Airport Road), Sehmalpur, Kazi Sarai, Harhua, Varanasi, Uttar Pradesh - 221 105.

CIN: U65992UP2016PLC082804

Website: [www.utkarsh.bank](http://www.utkarsh.bank)

E-mail: [shareholders@utkarsh.bank](mailto:shareholders@utkarsh.bank)



## **Utkarsh Small Finance Bank**

*Aapki Ummeed Ka Khaata*

(A Scheduled Commercial Bank)

Registered & Corporate Office  
Utkarsh Tower, NH - 31 (Airport Road), Sehmalpur, Kazi Sarai,  
Harhua, Varanasi, Uttar Pradesh - 221105

**www.utkarsh.bank | Toll free - 1800-123-9878**

