Utkarsh CoreInvest Limited

(Formerly Utkarsh Micro Finance Limited)

ANNUAL REPORT

FY 2022-23

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CORPORATE INFORMATION

Corporate Identification No.
U65191UP1990PLC045609

Website
www.utkarshcoreinvest.com

E-mail
secretarial@utkarshcoreinvest.com

Statutory Auditors
M/s. DMKH & Co.
[Firm Registration No. 116886W / 066580]
Chartered Accountants
803-804, Ashok Heights, NICCO Circle, Near Bhuta School,
Old Nagardas Lane, Gundavali, Andheri (East),
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Tel: + 91-22-26824800 / 4900

Secretarial Auditors
M/s. S. N. Ananthasubramanian & Co.
10/25-26, 2nd Floor, Brindaban,
Thane (West) - 400601, Maharashtra, India
Tel: + 91-22-25345648, +91-22-25432704

Company Secretary
Mr. Neeraj Kumar Tiwari (FCS 12101).

Registrar & Share Transfer Agent
M/s. NSDL Database Management Limited
Unit: Utkarsh CoreInvest Limited
4th Floor, "A" Wing, Trade World,
Kamala Mills Compound, Senapati Bapat Marg,
Lower Parel, Mumbai - 400013, Maharashtra, India
Tel: +91-22-2499 4720 / 4200

Registered and Corporate Office
S-24/1-2, Fourth Floor, Mahavir Nagar,
Orderly Bazar, Near Mahavir Mandir,
Varanasi - 221002, Uttar Pradesh, India

Ashwani Kumar

FROM THE DESK OF MD & CEO

I am delighted to share with you the 33rd Annual Report of Utkarsh CoreInvest Limited.

This long cherished thirteen years journey of the Company has not only witnessed that your Company – 'Utkarsh Micro Finance Private Limited' has transformed itself to 'Utkarsh CoreInvest Limited' (UCL), a Public Limited Company, but also has stepped ahead in the banking ecosystem of the country in terms of obtaining the Small Finance Bank licence from Reserve Bank of India and thereafter incorporating its banking subsidiary viz. Utkarsh Small Finance Bank Limited ('USFBL' or 'the Bank'), hailing from and headquartered at Varanasi.

Your magnanimous and incessant support has been the strength of incandescent journey of the Company, sailing out from the times of unanticipated, unforeseen turbulences and upheavals during and post pandemic.

Non-Banking Financial Companies (NBFCs) are a major contributor to driving India's economy and are one of the major focus domains of the Government and the Regulatory & statutory authorities. Considering this, reorientation of the regulatory framework has assumed utmost importance. Hence, a regulatory framework based on the principle of proportionality has been issued in the form of 'Scale Based Regulation (SBR)' by Reserve Bank of India (RBI), effective from October 01, 2022. The Major objective is to maintain a balance between the financial stability of NBFCs and limiting systemic risks. Your Company, being a Core Investment Company (CIC) comes at the 'NBFC - Middle Layer (NBFC-ML)', of the four layer SBR structure.

RBI has also revised the definition of microfinance loan as a collateral-free loan given to a household having annual household income up to ₹3,00,000, as compared to earlier definition of set threshold of annual household income up to ₹1,25,000 for rural households and ₹2,00,000 for semi urban and urban households. Revisiting and redefining of annual household income opens a new horizon to bring vast section of the population to the fold of BFSI sector and credit scene of this sector will go manifold fostering the financial inclusion bringing the economic upward swing to the underserved and unserved.

Receding Pandemic had instilled the confidence into domestic and global economy during FY22 but the Russian - Ukraine war, brought another set-back to the global upheavals, stalling the rising of economic scenario through the perils of inflation, owing majorly to rise in the prices of crude oil, low crop harvests and cost push on food items. Measures to contain inflation within the defined tolerance limit, the fiscal stimuli and increase in policy rates taken by the Government of India and Reserve Bank of India, respectively, along with the easing of global commodity prices, had managed to bring retail inflation below the RBI upper tolerance target by November 2022 and further at 5.66 percent by March 2023, alongwith strengthening growth in the drivers of the economy. It writes a firm view that Indian economy is resilient to encounter the challenges and to write a growth story unparalleled.

NBFCs adapted to tide over the countless challenges and demonstrated a larger role in supporting the socio-economic construct of the Indian economy.

During FY23, our Banking Subsidiary i.e. Utkarsh Small Finance Bank extended its outreach in 26 States and Union Territories having an expanded network of 830 branches across the country, bringing more than 35 lakh customers in its fold.

The focus of the Bank on delivering Sustainable, Responsible and Inclusive Banking, especially with its very core values of Financial Inclusion by offering last-mile services to the unserved and underserved segments in India's urban and semi-urban areas has paved the way for reaching to over 35 lakh active customer base with ₹13,957 crore of Assets Under Management and ₹13,710 crore of Deposits through 830 Banking Outlets and 287 ATMs & 546 micro ATMs pan India, spread over 224 Districts of 22 States and 4 Union Territories, delivered by over 15,400 employee base.

The Bank is committed to the mission of financial inclusion and to that of being a complete banking partner. The key focus is to engage with customers, providing a delight banking experience through the relevant products and services, as the technology is leveraged to penetrate deeper into the hinterlands.

Our Banking Subsidiary has been awarded by the Indian Bank's Association (IBA) for 'Best IT Risk and Cybersecurity Initiatives' in 2022 and has also received ISO 27001:2013 certification for its information security system.

As at the close of the FY 2022-23, the Bank posted (as per applicable IGAAP accounting rules) a Net Profit of 404.50 crore. The Gross Non-Performing Assets (GNPAs) stood at 3.23% and the Net Non-Performing Assets (NNPAs) was at 0.39%.

According to the applicable accounting standard for your Company i.e. the Ind-AS based classification and categorizations, your Company has recorded total comprehensive income of ₹1.33 crore on a standalone basis and ₹517.38 crore at consolidated level for the financial year 2022-23 (FY23). The consolidated level net advances were ₹13,549 crore and the total deposits were ₹14,054 crore as at the close of FY23. The Company's Net-worth as on March 31, 2023 stood at ₹843.82 crore comprising of paid-up equity capital of ₹98.42 crore and Reserves of ₹745.40 crore (excluding Revaluation Reserve, Investment Reserve and Intangible Assets) on standalone basis. Whereas, on a Consolidated basis, the Net-worth stood at ₹1,757.01 crore comprising of paid-up equity capital of ₹98.42 crore, Reserves of ₹1,658.59 crore and excluding non-controlling interest of ₹319.45 crore.

I wish to express my gratitude to, and sincerely thank all our (including of our subsidiary) stakeholders viz. the Board Members, shareholders, partners, employees and customers for reposing their faith towards the Vision and Mission of Utkarsh and their continued support and patronage all throughout the journey.

I trust that the same would continue to bring a more synergetic impact in the coming days.

With Best Regards !

Ashwani Kumar
Managing Director & CEO

Mr. G. S. Sundararajan
Independent Director &
Chairperson of The Board

Mr. G. S. Sundararajan is presently serving on Boards of several reputed companies in the Banking and Financial Services Sector. He is also actively involved in the field of Social Entrepreneurship in advisory capacities.

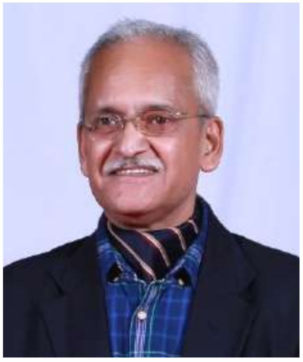
He was till recently the Group Director, Shriram Group. He joined Shriram Group as the Managing Director of Shriram Capital Ltd., the Holding Company of Shriram Group's financial services and insurance businesses across India and overseas. Sundararajan's experience in the Asian market and his understanding of these countries and the business opportunities therein made Sanlam Emerging Markets induct him into their Board in South Africa in August 2013. In his capacity as Group Director, Mr. Sundararajan was a Director on the Board of the Group's subsidiaries to provide oversight in critical areas of strategic growth opportunities for each of these companies. Specifically, Mr. Sundararajan was responsible for the Retail and MSME business housed in Shriram City Union Finance and the life and non-life Insurance businesses, housed in the two Insurance ventures in collaboration with Sanlam, South Africa.

Prior to his Shriram stint, Mr. Sundararajan was the CEO & Managing Director of Fullerton India Credit Company Ltd., a registered Non-Banking Finance Company catering to the financial services needs of the retail and commercial mass markets. He was also the Managing Director of Fullerton Enterprises Private Limited, a KPO, which had formed a strategic alliance with the Centurion Bank of Punjab to jointly drive the SME business.

Mr. Sundararajan was nominated to the Boards of two Financial Services investments of Temasek in China, one in Nanjing for the SME Business and the other in Chengdu in their Village Bank franchise. He was an integral part of Temasek's vision for India in the Banking and Financial Services space that went on to become the fastest growing and largest networked Finance Company in the country.

Earlier to this, he was the Managing Director and Head of Citibank's SME and Asset Based Finance business in India. He had an exceptional stint at Citibank where he built the SME and ABF (Asset Based Finance) business of the bank across the country. He started his career in Sales with Eicher Mitsubishi and went on to head the captive finance arm of this company in India.

He holds a Bachelor of Engineering degree from Coimbatore and a Post Graduate Diploma in Management from the Indian Institute of Management (IIM), Ahmedabad.



Mr. Atul
Independent Director

Mr. Atul has over 37 years of Administrative Service experience with focus on Security, Vigilance and Anti-Corruption. Mr. Atul is an Indian Police Service (IPS) Officer of 1976 batch.

Mr. Atul had served as Director General of Police (DIG), Uttar Pradesh (UP), DIG CBI in charge of UP and has been in-charge Additional Director General of Police, Crime, Law and Order. Mr. Atul had stints with Personnel Wing of DGP Headquarters as in-charge of IPS and PPS Officers at Uttar Pradesh.

Mr. Atul had been awarded President's Medal for distinguished service and has been President of IPS Association in Uttar Pradesh and President of Lucknow University Alumni Association.

He is an M.Sc. (Physics) and B.Sc. (Physics, Math & Statistics) from Lucknow University.

Mr. Aditya Deepak Parekh is the Co-founder of Faering Capital and has over two (02) decades of global and Indian experience in private equity and investment banking. Mr. Aditya serves on the Board of several Faering Capital portfolio companies including Finova Capital, FundsIndia, Utkarsh CoreInvest Limited and WheelsEMI.

Prior to founding Faering Capital, Mr. Aditya was Vice President at Old Lane India Opportunities Fund, a private equity fund, where he was responsible for leading investments in the Indian real estate sector and was involved in evaluating opportunities across the infrastructure and financial services sectors.

Earlier, Mr. Aditya had worked in the Media and Entertainment Investment Banking Group at Merrill Lynch, New York for five (05) years.

He holds an MBA from the Wharton School, University of Pennsylvania and holds a Bachelor degree in Economics from Cambridge University.

Mr. Aditya Deepak Parekh
Nominee Director

Mr. T. K. Ramesh Ramanathan
Nominee Director

Mr. T. K. Ramesh Ramanathan is a senior Vice President – Finance Controllership with RBL Bank Limited. He has over two (02) decades of experience in Capital Market & Banking and has been with RBL Bank Limited since 2015.

Earlier, Mr. Ramesh was part of the Investment Banking team at Standard Chartered Bank, India.

Mr. Ramesh has also held previous roles in business and finance of Deutsche Bank and IBM India Limited.

He is a Chartered Accountant and is having Post Graduate Diploma in Management from Indian Institute of Management (IIM) Indore.

Mr. Ashwani Kumar
Managing Director & CEO

Mr. Ashwani Kumar has over seventeen (17) years of industry experience especially in the Microfinance and Priority Sector segments of BFSI Industry. He has handled senior management roles in different control and support functions at Utkarsh ever since its NBFC-MFI format (Utkarsh Micro Finance Pvt. Ltd.), then Small Finance Bank (SFB) format (Utkarsh Small Finance Bank Ltd.) and now with NBFC-CIC (Utkarsh CoreInvest Limited since March 2019). He is also on the Board of Utkarsh Welfare Foundation (UWF), a Section 8 Company, as a Director.

Earlier, Mr. Ashwani had stints with NABARD Financial Services Limited (NABFINS), Head Office-Bengaluru, Canara Bank, Head Office-Bengaluru and Locus Research and Consultants Limited, New Delhi.

He is a Rural Management Graduate from Institute of Rural Management, Anand (IRMA); a Chartered Financial Analyst (CFA) from ICFAI (India) and a B. Com.(Hons.) Graduate from Delhi University. He is a Certified Associate of Indian Institute of Bankers (CAIIB) and has other Diplomas and Certifications from Indian Institute of Banking & Finance (IIBF). He is also UGC NET (Management) certified and is a lifetime member of CFA Council (CCFA, India) and IIBF (India).

COMMITTEES OF THE COMPANY

The details of the Board Committees and the Committee Members are tabulated as under:

Sl.	Name of the Committee	Statutory Requirement	Composition of the Committee
1.	Audit Committee of the Board (ACB)	Required as per the Companies Act, 2013	1.Mr. G. S. Sundararajan, Independent Director (Chairperson) 2.Mr. Atul, Independent Director 3.Mr. Harjeet Toor, Nominee Director* 4.Mr. T. K. Ramesh Ramanathan, Nominee Director$
2.	Corporate Social Responsibility Committee (CSRC)		1.Mr. G. S. Sundararajan, Independent Director (Chairperson) 2.Mr. Aditya Deepak Parekh, Nominee Director 3.Mr. Ashwani Kumar, Managing Director & CEO** 4.Mr. T. K. Ramesh Ramanathan, Nominee Director$
3.	Nomination & Remuneration Committee (NRC)		1.Mr. Atul, Independent Director (Chairperson) 2.Mr. G. S. Sundararajan, Independent Director 3.Mr. Gaurav Malhotra, Nominee Director# 4.Mr. T. K. Ramesh Ramanathan, Nominee Director$
4.	Share Allotment Committee (SAC)		1.Mr. Aditya Deepak Parekh, Nominee Director 2.Mr. Harjeet Toor, Nominee Director* 3.Mr. T. K. Ramesh Ramanathan, Nominee Director$ 4.Mr. Ashwani Kumar, Managing Director & CEO
5.	Group Risk Management Committee (GRMC)	Required as per RBI Directions	1.Mr. G. S. Sundararajan, Independent Director (Chairperson) 2.Mr. Atul, Independent Director 3.Mr. Aditya Deepak Parekh, Nominee Director 4.Mr. Harjeet Toor, Nominee Director* 5.Mr. T. K. Ramesh Ramanathan, Nominee Director$ 6.Mr. Ashwani Kumar, Managing Director & CEO
6.	Promoter Dilution Monitoring Committee (PDMC)	Constituted in terms of Equity Dilution at the Banking Subsidiary ('USFBL')	1.Mr. G. S. Sundararajan, Independent Director (Chairperson) 2.Mr. Aditya Deepak Parekh, Nominee Director 3.Mr. Harjeet Toor, Nominee Director* 4.Mr. Gaurav Malhotra, Nominee Director# 5.Mr. T. K. Ramesh Ramanathan, Nominee Director$ 6.Mr. Ashwani Kumar, Managing Director & CEO

**Directorship held till June 23, 2022*
$Appointed w.e.f. July 16, 2022
***Stepped down from the CSR Committee on April 30, 2023*
 # Directorship held till August 25, 2022

The Charters of the various Board Committees are as under:

1. AUDIT COMMITTEE OF THE BOARD (ACB)

The Audit Committee meets at quarterly intervals. The major responsibilities of the Committee are as under:

i. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

ii. Review and monitoring the auditor's independence, performance and effectiveness of audit process;
iii. Examination of the financial statements and the Auditors' Report thereon;
iv. Approval or any subsequent modification of transactions of the Company with related parties;
v. Scrutiny of inter-corporate loans and investments;
vi. Valuation of undertakings or assets of the Company, wherever it is necessary;
vii. Evaluation of internal financial controls and risk management systems;
viii. Monitoring the end use of funds raised through public offers and related matters.

2. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSRC)

The Corporate Social Responsibility Committee meets minimum once on yearly basis. Besides the Roles and Responsibilities, as specified and mandated by the relevant Acts and Rules, the major responsibilities viz. the Scope and the Terms and Reference of the Committee covers the following:

i. Specify the theme of the CSR projects and programmes to be undertaken;
ii. Prepare a list of CSR projects / programmes, which the company plans to undertake during the year of implementation with modalities of execution in the areas / sectors chosen and implementation schedules for disclosure of the Policy in its report and placing the same on the Company's website as prescribed under Section 135 of the Companies Act, 2013, as amended;
iii. CSR projects / programmes of the company may also focus on integrating business models with social and environmental priorities and processes in order to create shared value;
iv. Yearly review of CSR policy to be undertaken and submitted to the Board for approval;
v. Recommend the amount of expenditure to be incurred on the CSR activities for the financial year along with projects to be undertaken earmarking funds for broad area wise projects, to the Board of Directors for its approval;
vi. The Committee shall monitor and review from time to time, the implementation of the CSR projects / programmes and guide the implementing entity / team on the leading and lagging indicators under each area of interventions;
vii. The Committee will evaluate the CSR activity periodically in the prescribed format or as deems fit to achieve the Policy Statement under the Guiding Principles;
viii. CSR specify that the CSR contribution would include the following;
    a. Minimum 2% of the average net profits of the preceding last three financial years, or as mandated by the relevant Acts and Rules;
    b. any income arising therefrom, i.e. the Contribution Fund as per point 'a' above;
    c. Surplus / excess arising out of CSR activities;
ix. Confirmation by the Board with respect to utilization of the CSR expenditure;
x. Monitoring of "on-going" projects, if any, as per approved timelines and year wise allocation;
xi. Placing of certificate of CFO / person responsible for financial management about utilisation of CSR fund;

3. NOMINATION & REMUNERATION COMMITTEE (NRC)

The Nomination & Remuneration Committee meets minimum once in a year and also as and when required. The major responsibilities of the Committee are as under:

i. Ensuring fit and proper status of proposed / existing Directors at the Board of the Company and that there is no conflict of interest in appointment of Directors / KMPs and Senior Management;
ii. Regular review of the structure, size and composition of the Board (including skills, knowledge and experience) taking into account the current requirements and future developments of the Company and making recommendations to the Board with regard to any adjustments that are deemed necessary;
iii. Identification, nomination and recommendation for the approval of the Board, candidates to fill Board vacancies as and when it arises;

iv. Ensuring that on appointment, all non-executive Directors receive formal written terms of appointment;
v. Review the composition of Committees of the Board and to identify and recommend to the Board, the Directors who can best serve as members of each Board Committee;
vi. Recommendation to the Board, the compensation payable to the Chairperson of the Company.

4. SHARE ALLOTMENT COMMITTEE (SAC)

The Share Allotment Committee meets as and when required. The major responsibilities of the Committee are as under:

i. Considering and resolving grievances of shareholders, debenture holders and other security holders;
ii. Allotment of Equity Shares, approval of transfer or transmission of Equity Shares, Debentures or any other securities;
iii. Issue of duplicate certificates and new certificates on split / consolidation / renewal, etc.;
iv. Overseeing requests for dematerialization and rematerialization of Securities;
v. Spreading awareness amongst security holders for protection of their rights and interest(s);
vi. Carrying out any other function as assigned by the Board from time to time related to security holders of the company.

5. GROUP RISK MANAGEMENT COMMITTEE (GRMC)

The Group Risk Management Committee meets at quarterly intervals. The major responsibilities of the Committee are as under:

i. Analyse the material risks to which the group, its businesses and subsidiaries are exposed. It must discuss all risk strategies both at an aggregated level and by type of risk and make recommendations to the Board in accordance with the group's overall risk appetite;
ii. Identify potential intra-group conflicts of interest;
iii. Assess whether there are effective systems in place to facilitate exchange of information for effective risk oversight of the group;
iv. Assess whether the corporate governance framework addresses risk management across the group;
v. Carry out periodic independent formal review of the group structure and internal controls;
vi. Articulate the leverage of the Group and monitor the same.

6. PROMOTER DILUTION MONITORING COMMITTEE (PDMC)

The Promoter Dilution Monitoring Committee (PDMC) meets as and when required. The major responsibilities of the Committee are as under:

i. Capital reorganization in Utkarsh CoreInvest Limited (UCL) and / or Utkarsh Small Finance Bank Limited (USFBL) either through an 'Offer for Sale', Capital Structuring, etc;
ii. Private Placement / FPO / Rights / Bonus Issue or any other permissible option as per applicable laws and regulations;
iii. Listing of Banking Subsidiary, i.e. USFBL through Primary Issuance;
iv. Reverse merger of UCL with USFBL, subject to RBI and other regulatory approvals.

SENIOR MANAGEMENT

Mr. Ashwani Kumar
Managing Director &
Chief Executive Officer
[MD & CEO]

Mr. Ashwani has over 17 years of industry experience, especially in the Microfinance and Priority Sector Lending segments of BFSI Industry. He has handled senior management roles in different control and support functions at Utkarsh, ever since its NBFC-MFI format. Initially he had joined Utkarsh Micro Finance Pvt. Ltd., Varanasi Head Office as Head - Internal Audit, with concurrent charge of Risk, Compliance, Secretarial, Credit & Client Interaction. During the transition phase of Utkarsh from an NBFC-MFI to a Small Finance Bank i.e., Utkarsh Small Finance Bank Ltd. (USFBL), he led the Training, Recruitment and Corporate Communication verticals. His last stint with USFBL was as the Deputy CFO (Head - Finance and Corporate Communication). He is also in the Board of Utkarsh Welfare Foundation (UWF), a Section 8 Company, as a Director.

Prior to joining Utkarsh, he was with NABARD Financial Services Ltd. (NABFINS) at its Bangalore Head Office, handling various control & support roles in its transformation phase and was last designated as Assistant General Manager (Finance). Earlier to this, he had stint with Canara Bank at its Bangalore Head Office, as Manager at its Priority Credit Wing, handling Agri-Business, Marketing, Priority Small Loan NPA Management and Consultancy Services with active involvement in setting up of the Canara Bank's Financial Inclusion Wing. He started his career as a Research Associate with Locus Research and Consultants Pvt. Ltd., New Delhi and undertook projects of Ministry of Rural Development, Govt. of India and international agencies.

He has attended different exposure programs in Banks, MFIs and Training Centers in India and abroad (Bangladesh, Cambodia, Indonesia and Italy) and has been in Editorial Boards of Institutional Magazines. Also, participated in several conferences / seminars as a Panelist / Speaker at National & International levels and has taken sessions at Institutions like CAB (RBI), NIBM, SIBSTC and at various Universities / College Campuses.

He is a Rural Management Graduate from Institute of Rural Management, Anand (IRMA); a Chartered Financial Analyst (CFA) from ICFAI (India) and a B. Com.(Hons.) Graduate from Delhi University. He is a Certified Associate of Indian Institute of Bankers (CAIIB) and has other Diplomas and Certifications from Indian Institute of Banking & Finance (IIBF). He is also UGC NET (Management) certified and is a lifetime member of CFA Council (CCFA, India) and IIBF (India).

Mr. Harshit has over eleven (11) years of experience in the fields of Accounts & Finance, Taxation, Micro Credit and Internal Audit. Initially, he had joined Utkarsh Micro Finance Pvt. Ltd. (UMFPL) as a Concurrent Auditor in the Internal Audit Department and is currently overseeing Finance and Accounts verticals as the CFO of the company.

Prior to UMFPL, he was with a real-estate company based out of Varanasi in its Finance and Accounts vertical as F&A Supervisor.

He is a Chartered Accountant (CA) by profession from Institute of Chartered Accountants of India (ICAI) and a Commerce Graduate from Banaras Hindu University (BHU), Varanasi. He is a Junior Associate of Indian Institute of Bankers (JAIIB) and has other Certifications from IIBF.

Mr. Harshit Agrawal
Chief Financial Officer [CFO]

Mr. Neeraj Kumar Tiwari
Company Secretary [CS] & Compliance Officer

Mr. Neeraj has over nine (09) years of experience in company secretarial and corporate compliance domain with Utkarsh, ever since its NBFC-MFI format as Utkarsh Micro Finance Private Limited (UMFPL) and now in the NBFC-CIC format as Utkarsh CoreInvest Limited.

Prior to Utkarsh, he was with a Corporate law firm at Prayagraj as a Designated Partner.

He is a Fellow Member of the Institute of Company Secretaries of India (ICSI) and holds a Bachelor's Degree in Law from Veer Kunwar Singh University, Arrah, Bihar.

He is a Member of the Managing Committee, Northern India Regional Council (Varanasi Chapter), ICSI.

MANAGEMENT DISCUSSION AND ANALYSIS

Utkarsh CoreInvest Ltd. (hereinafter referred to as 'UCL' or 'the Company') is a registered Core Investment Company (CIC) under Reserve Bank of India's (RBI's) Master Direction – Core Investment Companies (Reserve Bank) Direction, 2016 and as amended from time to time. The Company is also the Promoter and the holding company of the banking subsidiary viz. Utkarsh Small Finance Bank Limited (hereinafter referred to as 'USFBL' or 'the Bank' or 'the Banking Subsidiary'), established in the year 2017 with an objective to focus primarily on ensuring financial inclusion of the unbanked and underbanked sections across the country.

The Banking Subsidiary i.e. USFBL began its banking journey with a small 'step' having five (5) banking outlets and diverged its way from limiting periphery to all across the Country reaching to 22 States and 4 Union Territories of the country connecting with over 35 lakh customers of varied segments. USFBL marched forward during the year 2022-2023 with 'Resilience and Inclusive' approach, illuminating the lives of unserved and underserved communities of the society and served all aligning to its Vision and Mission at the center through its 830 branches.

The Banking subsidiary successfully completed six (06) full years of its banking operations on January 22, 2023. During the FY 2022-23, the Bank has further taken multiple business initiatives as aligned to its Mission, in the present context of being the preferred financial institution across all customer segments through technology enabled solutions that are sustainable, inclusive, and scalable, supported by a work culture that centers on passion, values and corporate ethics to deliver best in class customer experience.

The Vision has kept the endeavors focused for being the most trusted, digitized bank that is financially and socially inclusive, and creates value across social strata through insightful and viable solutions. The Core Values strive for being PRIDE with five (05) elements of 'Persistence is our innate quality', 'Responsible and Ethical in our dealings', 'Inclusive in our approach', 'Diligent in our process' and 'Excellence in all that we do'.

The Company's i.e. the UCL's Corporate Social Responsibility Policy' ('CSR Policy') encompasses the Company's philosophy for being a responsible corporate citizen and lays down the principles and mechanism for undertaking various programs in accordance with Section 135 of the Companies Act, 2013 (the 'Act') read along-with the rules and schedules framed therein for the Company at large. During the FY23, the Company partnered with Utkarsh Welfare Foundation (UWF), a Section 8 Company, the regular CSR Implementing Partner of the Company for organizing Polyclinic Health Camps under its Health CSR initiatives.

This Management Discussion and Analysis is primarily deriving from the operations of the banking subsidiary i.e., USFBL and the initiatives taken up by the different verticals of the Bank, as highlighted in subsequent paragraphs.

INDIAN ECONOMY REVIEW

The inflationary pressure across the world has also impacted the Indian economy. As per its second advance estimates, the Government estimated the Indian economy to grow by 7.2% in 2022-23 compared to 9.1% in 2021-22. The year also witnessed rising power, fuel and food costs. The Consumer Price Index (CPI) of India was estimated at 6.7% in 2022-23, compared to 5.5% in 2021-22. The target range for inflation was fixed at 4% with an upper tolerance of 6%. However, between April and October 2022, the CPI was outside the target range set by the Centre. To bring inflation under control, RBI increased the policy repo rate under the Liquidity Adjustment Facility (LAF) by 250 basis points from 4.0% to 6.50% during 2022-23. Additionally, the Government cut down import duty on major inputs such as ferronickel, coking coal, among others to zero; rolled out phase-wise reduction in excise duty of petrol and diesel; waived off customer duties on cotton; and prohibited export of wheat. This coupled with strong credit growth in the country has enabled the Indian economy to sustain its position as the fastest-growing economy in the world. Aggregate bank deposit and credit during 2022-23 was estimated at 9.6% and 15%, respectively, compared to 8.9% and 9.6% during 2021-22.

With the increasing thrust of the Government on infrastructure and capital expansion and strong credit growth, the country is poised for sustained growth in the foreseeable future. The Union Budget 2023-24 speaks volumes of the Government's increasing focus on infrastructure, financing new businesses, and making India more self-reliant and self-employed. The GDP growth of the country in 2023-24 is projected at 6.5%.
(Source: IMF, PIB)

INDUSTRY OVERVIEW

Indian banking industry

India is home to 12 public sector banks, 22 private sector banks, 44 foreign banks, 43 regional rural banks, 1,484 urban cooperative banks and 96,000 rural cooperative banks. Bank credit stood at ₹129.26 lakh crore as on November 4, 2022. The credit to non-food industries in India stood at ₹128.87 lakh crore as on November 4, 2022.

As of November 2022, the total bank deposits on the other hand grew to ₹173.7 trillion from ₹170.6 trillion in April 2022. The growth in the deposits and credit in the banking sector was largely driven by the increasing working population of India and the rise in disposable incomes coupled with growing focus on an improved lifestyle.

Between 2020 and 2022, bank assets (both private and public sector banks) in the country saw a substantial growth. In 2022 alone, the total assets of public banks and private banks in India stood at US$ 1,594.51 billion and US$ 925.05 billion, respectively. Over the years, the focus by the Centre has been on improving the asset quality of banks by undertaking several reforms. As a result of the successful reforms, the gross non-performing asset (GNPA) ratio of the banking sector came down from a peak of 14.6% in March 2018 to 5.53% in December 2022. This is further estimated to touch 4.9% by March 2023. On the back of declining NPAs, all Public Sector Banks (PSBs) were profitable in 2022-23, with the average profit standing at ₹70,167 crore in 9M 2022-23, compared to ₹66,534 crore in 2021-22. On the other hand, the provision coverage ratio of PSBs increased from 46% in March 2022 to 89.9% in December 2022.

With the substantial outlay on infrastructure and capital expenditure by the Government in its Union Budget 2023-24, economic activities are expected to be on the rise with increased employment generation and credit penetration across the country.
(Source: IBEF, Economic Survey)

Small finance banking industry

Small Finance Banks (SFBs) are a specific segment of banking created by the RBI with the objective of ensuring financial inclusion by primarily extending basic banking services to unserved and underserved sections of the society, including small and marginal farmers, small business units, micro and small industries, and unorganised entities.

Being a new segment in the banking sector, the SFBs have been making strong inroads into the credit market and enabling financial inclusiveness across the country. SFBs currently hold a minor market share of 1.14% in advances and 0.71% in deposits of the entire banking sector as on March 31, 2022. However, these banks have good deposit mobilisation and outreach among the under-banked masses, which would drive their market share multifold in the foreseeable future. The total deposits of SFBs in FY 2021-22 stood at ₹1,45,730.5 crore compared to ₹1,09,472.5 crore in FY 2020-21, clocking a y-o-y growth of 33.1%.

The advances book for SFBs have grown at a CAGR of 40% over the past 4 years, compared to private sector banks which have clocked a CAGR growth of 18% for the same period. As on March 31, 2022, the aggregate risk weighted assets of SFBs stood at ₹1,12,382 crore. The total liabilities for SFBs in FY 2021-22 stood at ₹2,03,076.2 crore in FY 2021-22, growing at 24.2% y-o-y. Further, the gross non-performing assets of SFBs in FY 2021-22 was pegged at 4.9% compared to 5.4% in FY 2020-21.
(Source: RBI)

Demand drivers

i. **Increasing population:** With a population of 1.4 billion in 2022, India stood as the second-largest populous country in the world. The rising population has also been driving credit growth.

ii. **Rising disposable incomes:** The per capita net national income in India is estimated to have increased from 1,48,524 in FY 2021-22 to 1,72,276 in FY 2022-23 at current prices, thereby, indicating the growing ability to spend.

iii. **Rising credit penetration:** Banking penetration has grown by leaps and bounds over the decades. The ratio of per capita bank deposits to income rose from 15.8 in 1972 to 71.2 in 2022. During the same period, the ratio of per capita credit to income jumped from 12.2 to 51.3, indicating the strong growth trajectory.

iv. **Rising demand in construction:** Being the second-largest population in the world translates into a growing demand for housing. The country saw residential sales of ~3,64,900 units in 2022, compared to 2,36,500 units in 2021, clocking a y-o-y growth of a whopping 54%, indicating strong demand of housing finance.

Microfinance industry

Microfinance Institutions (MFIs) and Non-Banking Financial Companies (NBFCs) are also focused on financial inclusion in unbanked and underbanked people of India. Such institutions provide door-to-door service and primarily bank on their enduring relationships with customers on the back of strong engagement. The contribution of the MFI sector to the overall GDP of the country was pegged at 2.7%. Further, the MFI sector has created jobs for 1.32 crore people across the country since 2000, driving employment generation in India. As per a study undertaken by Microfinance Institutions Network (MFIN), the total number of MFI beneficiaries in India stood at 6.2 crore.

The outstanding for MFI sector in 2022-23 was estimated to reach 3.25 lakh crore, compared to 2.7 lakh crore, registering a y-o-y growth of 20.3%. The collection efficiency ratio of the sector during the Pandemic of 2021 and 2022 had been affected as group gatherings did not take place properly. The collection efficiency ratio in the MFI sector increased from 70% during the COVID-impacted years of 2020 and 2021 to 97% today.
(Source: RBI, MFIN)

Micro, Small and Medium Enterprises (MSME)

The Micro, Small and Medium Enterprises (MSME) sector in India comprises more than six (06) crore enterprises. Over the years, the sector has emerged as a highly vibrant and dynamic sector of the Indian economy, fostering entrepreneurship, and generating self-employment opportunities at comparatively lower capital cost. The sector contributes about 45% of the total manufacturing output of India and has a share of 30% in the GDP of the country.

Non-availability of funds is the biggest challenge faced by the sector. The Government is cognizant of this challenge and to ensure easy scalability of MSMEs in the country, it has been focusing on inclusive finance. The Union Budget 2023-24 saw the announcement of the launch of revamped credit guarantee scheme worth ₹9,000 crore which would enable collateral-free loans of ₹2 lakh crore to small scale businesses. Further, this would also enable the cost of funds to be less than 1% of the normal banking rates, thereby translating into a strong growth trajectory for the MSME sector in the foreseeable future.

As stated by RBI, aggregate outstanding advances to MSMEs stood at ₹20.44 lakh crore in 2021-22. The gross NPA for MSMEs in Scheduled Commercial Banks (SCBs) declined from 7.6% in 2021-22 to 6.1% in 2022-23 in December 2022. Additionally, the Economic Survey 2022-23 states that the credit growth to the MSMEs has been remarkably high at 30.6% between January and November 2022, supported by the Emergency Credit Line Guarantee Scheme (ECLGS) of the Government of India.
(Source: PIB, RBI)

Housing finance

With increasing population in India, the demand for residential space in the country has constantly been on the rise. Now with the increasing demand of housing, the demand for housing finance has also been seeing a strong growth momentum over the past few years. Further, with the economy heading towards normalcy after the disruptions caused by COVID-19, the per capita income has been on the rise as well. Along with the affordability of houses in the modern era, it has been providing the push to the housing finance sector which is expected to grow at a CAGR of 20.58% between 2022 and 2027. A stronger optimism comes from the budgetary allocation of ₹79,000 crore for 2023-24, a 66% rise over the previous budget.
(Source: PIB)

Commercial vehicle & construction equipment finance

The total sales of commercial vehicles (CV) for FY 2022-23 stood at 9,62,468 units compared to 7,16,566 units in FY 2021-22, registering a robust y-o-y growth of 34.3%. With the post-COVID normalisation and 'back to work' focus of almost every organisation, the number of daily commuters have drastically increased, leading to the increasing demand for CVs. This has consistently driven the need of financial assistance for buying commercial vehicles, thereby driving the growth of CV finance across the country.

The Indian construction equipment (CE) market stood at ~US$ 5.6 billion in 2021. On the back of the huge focus of the Government on capital expenditure, the CE market is projected to reach US$ 9.4 billion by 2027, growing at a CAGR of ~8% between 2022 and 2027. This is expected to drive the construction equipment financing scope in the country.
(Source: Statista, SIAM)

THE BANK'S OVERVIEW

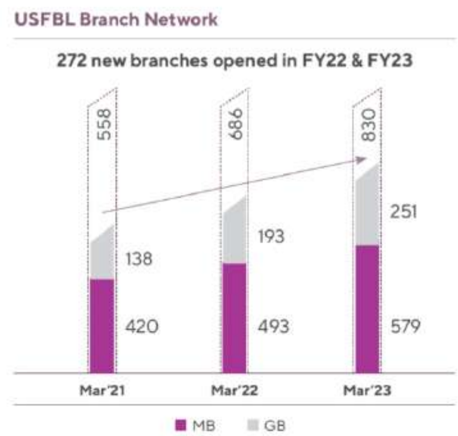
Banks and Financial Institutions play an instrumental role in ensuring the sustainable and well-diversified growth of a country as well as ensuring adequate flow of credit to all deserving sectors, industries, and borrowers. The role of Small Finance Banks (SFBs) becomes even more critical as SFBs serve primarily the unserved and underserved population of the country in relatively under-penetrated geographies and build a culture of responsible lending.

Utkarsh Small Finance Bank Limited ('USFBL' or the 'Bank') was incorporated on April 30, 2016 as a public limited company under the Companies Act, 2013, with its headquarters at Varanasi in Uttar Pradesh. The Bank has well diversified presence and franchise through its 830 banking outlets spread across 22 States and 4 Union Territories of the Country as on March 31, 2023. Further, the Bank has well penetrated rural and semi-urban presence, which apart from the significant potential for growth also helps in comfortably meeting RBI's requirement of a minimum of 25% of branches in Unbanked Rural Centers (URCs). As of March 31, 2023, 27.35% of the Bank's banking outlets were located in URCs as against the regulatory minimum requirement of 25%. The Bank is expanding its franchise and presence continuously, which is also reflected in the fact that the Bank opened more than 270 branches during the last two financial years FY22 & FY23 despite COVID disruption. These new branches are expected to add significant ammunition to growth potential for the Bank as well as building diversified business profiles.

USFBL offered its banking services through 830 banking outlets as on March 31, 2023, these branches being classified internally as Micro-banking (MB) and General banking (GB) branches. As on March 31, 2023, the Bank had 579 MB branches and 251 GB branches. MB branches focus primarily on micro finance lending & financial inclusion space, located primarily in rural & semi urban geographies while GB branches focus primarily on deposits mobilisation & other lending products i.e. Home Loans, MSME and other retail offerings, located primarily in metropolitan & urban location.

USFBL aims to promote financial inclusion and provide access of banking services to unserved and underserved sections of the society such as women entrepreneurs, low-medium-income households, micro and small enterprises, and people with affordable housing needs. Keeping in view the objective of the Bank to serve the unserved and underserved, USFBL has adequate presence in the less financially penetrated areas of Bihar, Jharkhand and Uttar Pradesh, which accounted for 63.11% of its portfolio as on March 31, 2023. These geographies offer the potential for growth for microfinance business and financial inclusion related opportunities. In addition, the Bank is expanding its presence to other states / geographies.

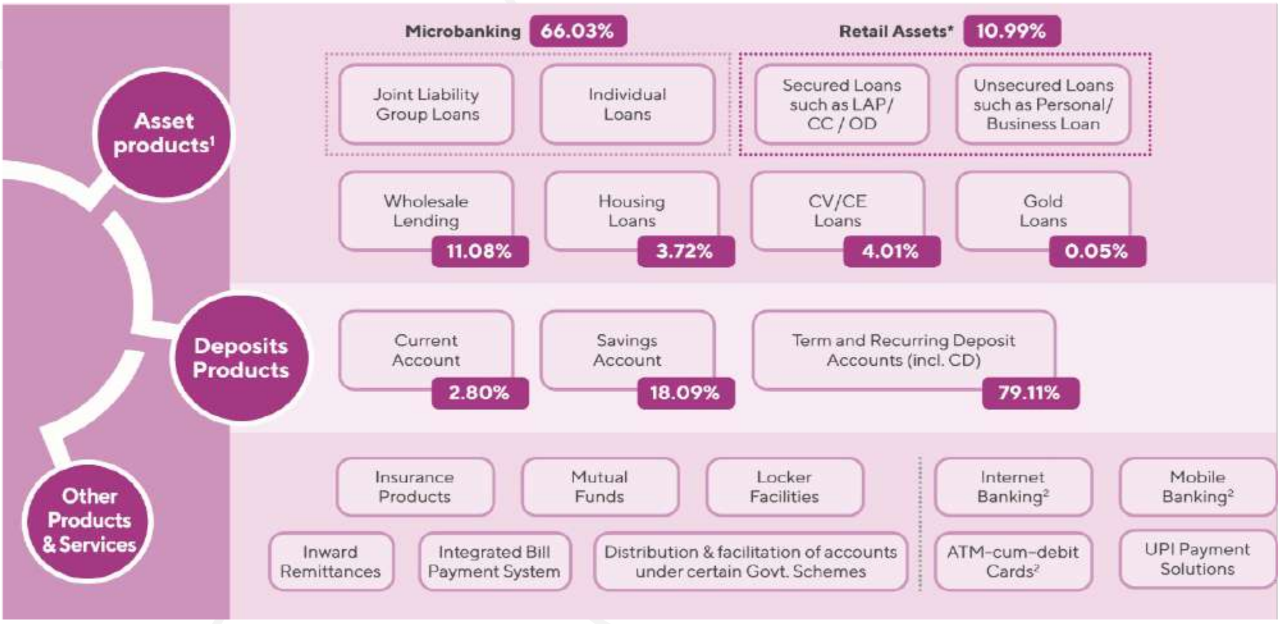
Overall, the Bank serves a total customer base of more than 3.5 million, supported by a strong workforce of 15,424 employees as on March 31, 2023. The Gross loan portfolio of the Bank stood at ₹13,957.11 crore as on March 31, 2023.



The Bank has carried forward the legacy of the company's significant experience and track record in microfinance lending which remains its strong suite. The Bank continues to build its microfinance business and franchise, over the years, the Bank in addition has focused on diversifying its product portfolio through the build-up of other retail loan products. The Bank has augmented its product profile by offering retail loans comprising secured business loans to MSMEs, housing loans with a focus on affordable housing, unsecured business loans, personal loans, CV & CE loans and gold loans. Micro banking and retail loans of the Bank are focused primarily on the customers who do not fall in the hemisphere of the formal banking infrastructure. The Bank aims at providing customer delight by offering relevant bouquet of banking products and services, as per the requirements of the customers.

On the liabilities side, the Bank offers products like Savings Account and Current Accounts with variants suitable to different profiles. A variety of Term Deposits and Recurring Deposits are available at customer's disposition. Further, USFBL also offers non-credit offerings comprising ATM-cum-debit cards, a bill payment system and distribution of third-party products such as insurance and mutual funds. USFBL's branches provide a full range of banking services as permissible for small finance banks. USFBL uses a digital platform to provide transactional ease through internet, mobile banking and UPI. The Bank's deposits have grown from ₹10,074.18 crore as of March 31, 2022 to ₹13,710.14 crore as on March 31, 2023.

Focus on Financial inclusion, offer a range of financial products and services that address the specific requirements of customer segments



* Retail Loans other than Microfinance (Group and Individual) Loans, given primarily to individuals and firms for business purposes.

[1]Remaining portfolio split for FY23 includes - Business Correspondents: 2.67% and Others (include staff loans and overdrafts against deposits): 1.45%

[2]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 comprises individuals having diverse experience across industries and its Independent Directors provide strategic guidance to help improve and grow the Bank's operations. Senior Management team of the Bank has significant experience in the banking and financial services industry, enabling the bank to grow in sustainable and responsible manner.

Key highlights of Bank's Financial Performance during FY23

OPERATIONS	ASSETS	LIABILITIES	FINANCIAL PERFORMANCE	CAPITAL STRUCTURE	ASSET QUALITY
830 vs. [686] Banking Outlets	**₹ 13,957 crore vs. [₹ 10,631 crore]** Gross Loan Portfolio	**₹ 13,710 crore vs. [₹ 10,074 crore]** Deposits	**₹ 405 crore vs. [₹ 61 crore]** Profit After Tax	**₹ 2,000 crore vs. [₹ 1,572 crore]** Capital + Reserves	**3.23% vs. [6.10%]** Gross NPA
287/546 vs. [215/310] ATMs/Micro ATMs	**31.3%/11.3%** Gross Loan Portfolio Growth (YoY/QoQ)	**36.1%/6.7%** Deposits Growth (YoY/QoQ)	**₹ 838 crore vs. [₹ 512 crore]** Operating Profit	**18.25% vs. [18.08%]** Tier 1 CRAR	**0.39% vs. [2.31%]** Net NPA
26 vs. [22] States & UTs	**₹ 12,443 crore vs. [₹ 9,046 crore]** Disbursements during FY23	**20.89% vs. [22.37%]** CASA Ratio	**9.57% vs. [8.80%]** Net Interest Margin	**20.64% vs. [21.59%]** CRAR	**0.22% vs. (1.26%]** Standard Restructured Book
15,424 vs. [12,617] Employees	**66.03% vs. (75.28%)** Share of Micro Finance*	**6.96% vs. [7.47%]** Cost of Funds	**54.15% vs. [58.90%]** Cost to Income FY23	**2.42%/22.84% vs. [0.48%/4.14%]** RoAA / RoAE	**88.29% vs. [63.62%]** PCR excluding Technical Write Off
					₹ 13 crore vs. [₹ 65 crore] Additional Contingency Provisions

Figures in [ ] represent FY22; *based on Gross Loan Portfolio

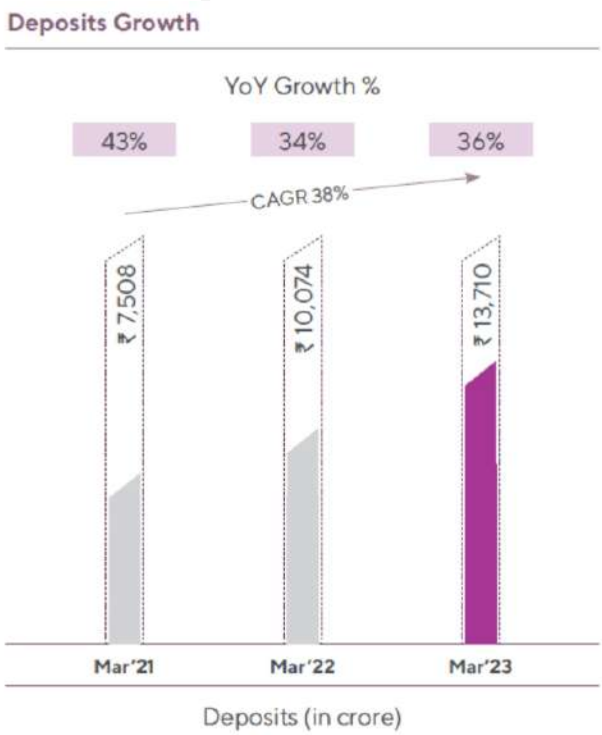
BUSINESS PERFORMANCE

The Bank has a strong rural and semi-urban presence with around 63% of its branches in semi-urban and rural locations as of March 31, 2023. The Bank has clearly laid out strategy of continuous focus on rural and semi-urban segments for asset side build-up while equal focus on rural, semi-urban, urban, and metropolitan locations for its liabilities franchise strength.

States	Total Banking Outlets	MB Outlets	GB Outlets	MSME Locations	HL Locations	Wheels Locations	Gold Locations
Bihar	206	188	18	9	3	3	5
Uttar Pradesh	168	126	42	17	12	15	21
Jharkhand	75	64	11	3	1	2	-
Maharashtra	68	36	32	17	9	-	11
NCT of Delhi	28	4	24	3	1	1	14
Other States	285	161	124	30	19	10	31
Total	**830**	**579**	**251**	**79**	**45**	**31**	**82**

Bank's MB branches are more focused on offering micro-credit and other retail loans to its customers (joint liability group loans, individual loans, PM SVANidhi and other retail loan products) while also offering deposits and payment services to the customers. Bank's GB branches focus more on garnering deposits as these locations offer sizeable potential for deposit mobilisation. The Bank, in addition, offers MSME, housing loan, CV / CE loans, and gold loan products through its select General Banking (GB) and Micro-Banking (MB) branches. As at the year ended March 31, 2023, the Bank was operating its MSME lending vertical and housing loan vertical across 79 and 45 branches, respectively. The existing branch infrastructure / network provides significant cross-sell opportunities as well as the opportunity to spread its existing products to significantly large number of locations.

The Bank has witnessed a healthy growth during FY 2022-23, wherein the total assets grew by 26.91% to ₹19,117.54 crore. The Bank's business growth is supported by its expanding franchise and presence and diversified product offerings. The gross loan portfolio and deposits grew by 31.29% and 36.09%, respectively, during FY 2022-23 and stood at ₹13,957.11 crore and ₹13,710.14 crore, respectively, as on March 31, 2023.



Liabilities – Deposits

The Bank offers a variety of demand and time deposit products along with other services through which its customers can address their savings and transactional needs. The product suite of the Bank includes a range of deposit products including savings accounts, salary accounts, current accounts, recurring and fixed deposits (with callable and non-callable options) and locker facilities. The Bank offers diversified liabilities products at competitive rates targeted primarily at retail customers from all segments led by senior citizens, middle-class individuals, and self-employed and salaried individuals. Bank has been strengthening its product profile through the launch of new products like Business Plus Account, QR code-based current account opening, etc.

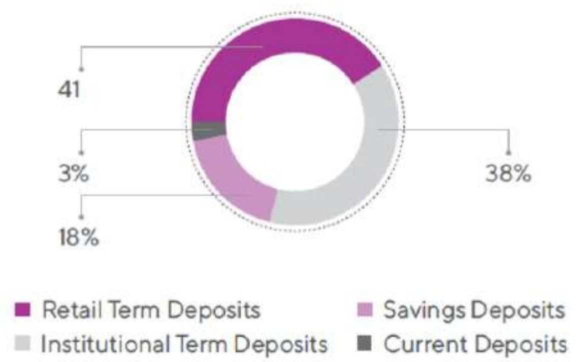
The Bank's total deposit base grew by 36.09% in FY 2022-23 to ₹13,710.14 crore as on March 31, 2023 from ₹10,074.18 crore as of March 31, 2022. Deposit mobilisation from retail customers remains the most stable source of funding to the Bank and is keenly focused by the management for a healthy and granular deposits profile. In a bid to further strengthen its reach to the larger customer segment, the Bank opened 58 General Banking (GB) branches during FY 2022-23, taking the Bank's total GB branches to 251, spread over across 26 States / UTs of the country as on March 31, 2023. During FY 2022-23, the Bank has expanded its presence to four (04) additional States/ UTs viz. Goa, Jammu & Kashmir, Meghalaya and Puducherry to increase its presence across the country.

The Bank offers deposit products through all its 830 bank branches. Its branch network is also complemented by 287 ATMs as on March 31, 2023. The Bank has penetrated the presence of Micro ATMs significantly in FY 2022-23 which provide cost-efficient systems of offering basic banking facilities such as cash deposit, cash withdrawal, and green pin generation, among others.

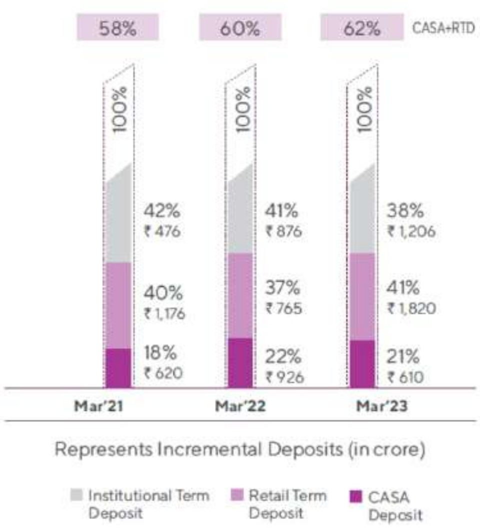
Deposits Composition as on March 31, 2023

Retail term deposits of the Bank have been a key driver for the growth of deposits in FY23. The Bank's Retail Term Deposits (RTDs) grew by 48.46% to ₹5,575.13 crore as of March 31, 2023. The growth in retail term deposits in FY23 was supported by the Bank's increasing branch network, suitable products for its deposits, competitive rate of interest and customer-first approach.

Deposits composition



Bank's CASA deposits grew by 27.09% in FY23 to ₹2,863.74 crore as on March 31, 2023 from ₹2,253.29 crore as of March 31, 2022. Growth in CASA deposits has been impacted by hardening interest rate scenario because of which depositors would have preferred term deposits over keeping their surplus in savings deposits.



Represents Incremental Deposits (in crore)

Overall, the Bank has been focusing on improving the share of CASA plus retail term deposits consistently. As a result, the share of CASA and retail term deposits increased to 61.55% of total deposits of the Bank as on March 31, 2023, compared to 59.64% of total deposits as of March 31, 2022.

In addition to strengthening its physical presence of branches & ATMs, the Bank focused on ease of banking for the customers through digital channels such as net banking, mobile banking, tab banking, digital onboarding & UPI offering, among others. Furthermore, Utkarsh SFB is the only bank among SFBs, live on UPI Lite Application which enables small ticket transfers of up to ₹200 for more convenience.

In a bid to strengthen its offering for its retail customer base, the Bank entered into a partnership with ICICI Direct to offer a three-in-one product to its deposit clients. The Bank has received registration with the SEBI as Banker to an Issue (BTI) which will enable the Bank to offer the facility of Application Supported by Blocked Amount (ASBA) through multiple channels to its depositors for applying to various Public Issue Offers through their bank accounts, thereby further providing ease to customers. Additionally, basis the registration as BTI, the Bank will be able to manage collection in IPOs as Sponsor Bank as well as for payment of interest and dividends on behalf of various companies, thereby generating a float fund at zero cost and fees.

The Bank has onboarded more than six (6) lakh new deposit accounts during FY 2022-23 (including BSBDA accounts), taking the total number of depositors to more than 20 lakh as on March 31, 2023. The Bank is taking proactive steps for easy and convenient on-boarding of customers through its digital channels including digital onboarding of clients.

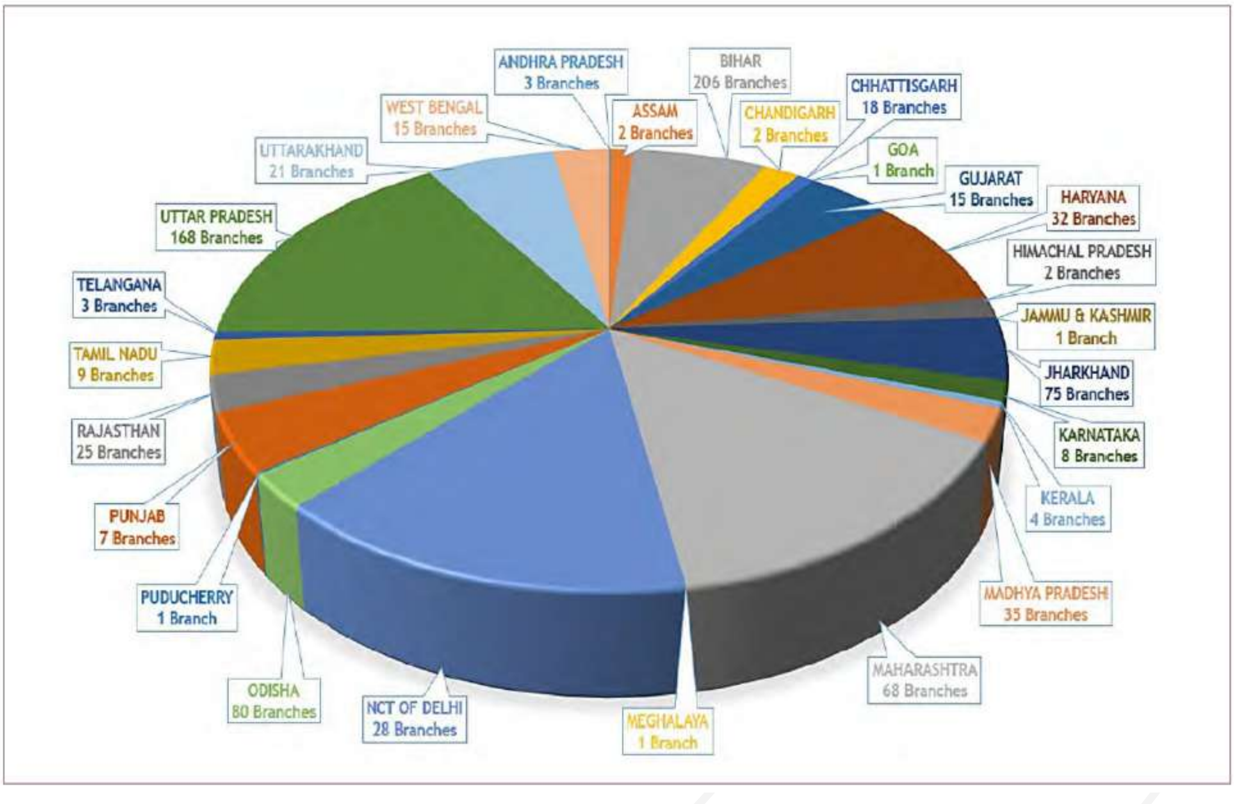
Furthermore, the Bank is actively monitoring & assessing the fin-tech space including growth potential and cost-efficient mode of financial products distribution. During FY23, the Bank entered into a partnership with one of the fin-tech companies to offer Bank's term deposit products to the large client base of fin-tech platform.

In addition to building retail deposits profile, the Bank is also focusing on broad basing of its institutional deposit profile through sharper focus on acquisition and deepening in the Government & Institutional Business (GIB) segment. Consequent to Small Finance Banks being made eligible for conducting Government Agency Business, during the year, the Bank has also submitted its proposal to RBI for being appointed as an Agency Bank. Building a strong and diversified Wholesale Liabilities franchise will be a key focus area for the Bank going forward.

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, 2023, the Bank is present in 22 States and 4 UTs. The Bank's deposits are fairly well diversified across States and UTs with none of the States, accounts for more than 20% of the Bank's total deposits as on March 31, 2023.

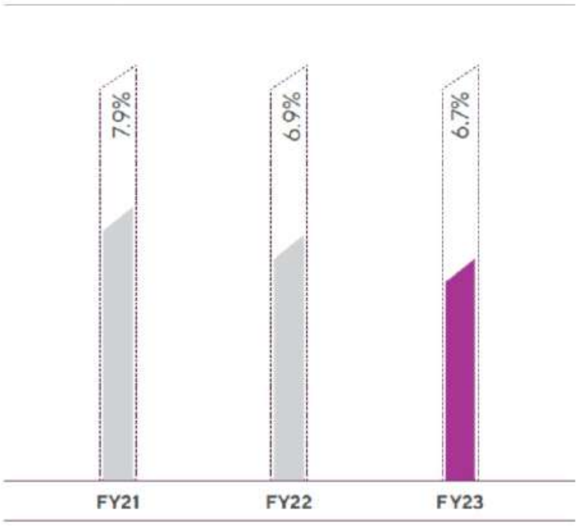
Geographical Split of Deposits



FY23 had posed significant challenges with respect to interest rates hardened due to rise and spike in inflation worldwide and tightening of monetary policy by RBI with a view to encountering inflation which led to significant increase in interest rate on deposits offered by the Bank. Despite the rising interest rate scenario, the Bank has been able to keep its cost of funds under control at the same level as of FY22 supported by re-pricing of earlier borrowings / deposits at relatively competitive cost. The Bank witnessed marginal decline in the cost of deposits by 21 bps from 6.92% in FY 2021-22 to 6.71% in FY 2022-23.

The hardened interest rate scenario is likely to pose challenges in terms of the increase in cost of funds in FY24 as well.

Cost of Deposits



Overall, the Bank expects deposits growth potential to be healthier considering its enhancing franchise and presence, as well as parity of tax rate for investment in debt mutual funds for investors in line with Bank's deposits as well as introduction of tax deduction at source on listed NCD, both of which improves attractiveness of deposits as an investment option for the savers.

Other products and offerings

In order to strengthen Bank's deposit base, increase in its CASA ratio and to offer multi-channel customer experience, Bank intends to enhance its digital footprints at various touchpoints of customer life cycle, viz. digital onboarding, self-onboarding, internet and mobile banking, corporate internet banking, micro-ATMs and customer relationship management. In order to cater to the requirements of all customer segments, Bank will continue to offer and develop liability products with differentiated offerings catering to each segment through platforms such as internet and Mobile Banking and supported by its wide network of Banking Outlets and ATMs and micro-ATMs. Besides offering RuPay debit cards for domestic use, Bank offers international Mastercard debit cards. To facilitate ease of transaction for customers, Bank intends to offer a range of products and solutions including internet payment gateway, UPI payment solutions, e-NACH and public financial management system.

USFBL provides a host of additional products ranging from debit cards and locker services for the customers to third-party products such as life insurance, general insurance, Atal Pension Yojana, and mutual funds, among others. Further, with the help of the internet banking platform, the Bank offers basic remittance services such as IMPS, NEFT and RTGS, in addition to UPI & Bharat BillPay system.

Customer services and digitalisation

USFBL has been constantly upgrading its technology-driven process and system, with an aim to provide superior customer experience. In view of achieving a strong technologically enabled processes, the Bank has focused on building a strong technological infrastructure for hassle free access and a robust architectural foundation for overall business growth. It is the prime objective of the Bank to enhance customer delight and experience providing 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:-

i. **Internet Banking & Mobile Banking:** Bank offers advanced applications to the customers, which is secure and robust and offers ease of operation.
ii. **Digi On Boarding:** In order to digitise customer acquisition, Bank had launched a tablet-based account opening system.

iii. **Utkarsh UPI Application:** Utkarsh UPI application with enhanced security features including two -factor authentication along with SIM and device binding, makes it convenient to transact digital payments.

iv. **Fin-tech:** As part of the Bank's digital first approach, the Bank is exploring partnerships with fin-tech companies to expand on its digital initiatives.

v. **UPI Lite:** Launched UPI Lite thus allowing single click payment without any UPI PIN in UPI for transaction up to 200. This offers superior user experience with faster real-time settlement.

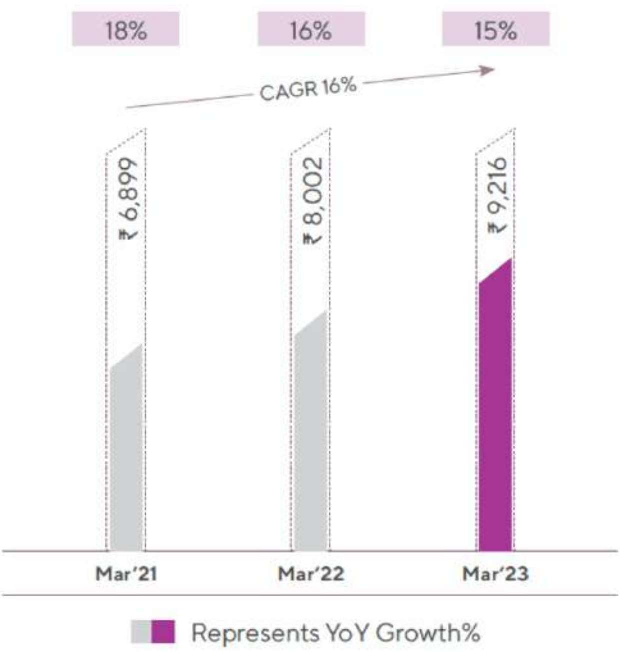
vi. **e-KYC E-Sign:** For ease of operations, USFBL has started E-Sign for e-KYC, for faster and flexible process. As the process is paperless, it will enhance customer experience along with reduced turnaround time.

vii. **Video KYC:** Implementation of V-KYC process for Liability and Assets vertical.

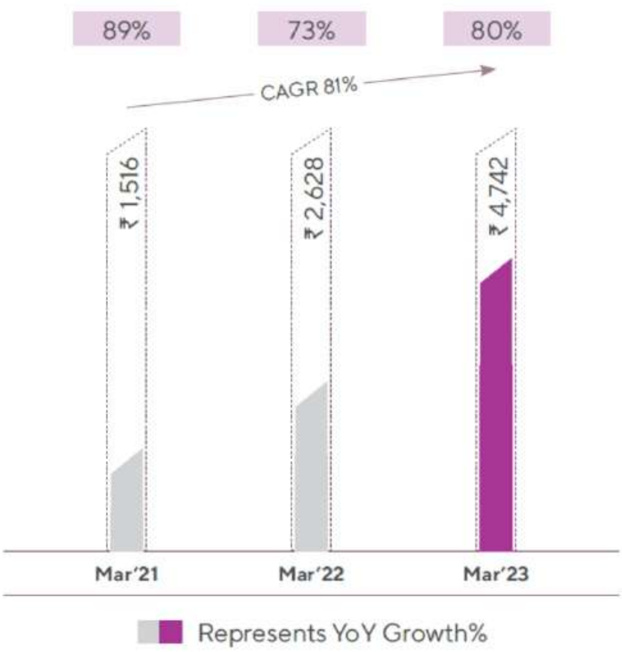
ASSETS – LENDING PRODUCTS

The Bank's loan portfolio has witnessed a growth of 31.29% over the last year and stood at ₹13,957.11 crore as on March 31, 2023. The Bank has been focusing on building retail loan books through microfinance lending through Joint Liability Group (JLG) product, loans to MSME, housing and other retail loans. With its significant experience and track record in microfinance business, the Bank continues to build its microfinance business and franchise effectively.

Micro Finance Loan Book (in crore)

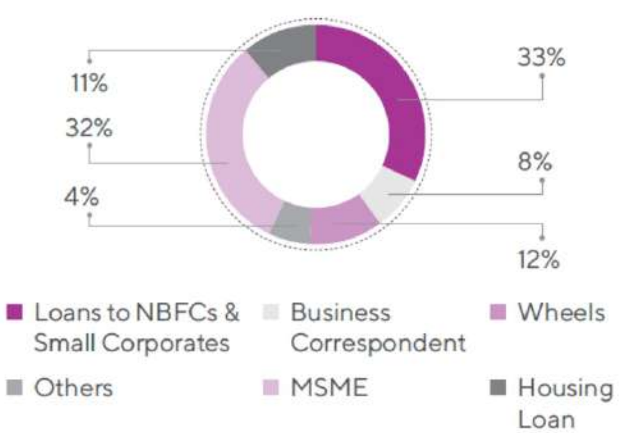


Non-Micro Finance Loan Book (in crore)



The growth of 31.29% in Bank's loan portfolio is supported by healthy growth in Bank's microfinance lending, which grew by 15.16% during FY 2022-23 to ₹9,215.58 crore as on March 31, 2023 and scaling up of non-micro finance businesses, which grew by 80% during FY23, albeit on a smaller base.

Non-Micro Finance Loan Book Composition



The Bank has been constantly striving to offer a wide range of diverse products to its customers. It offers a range of financial products and services that address the specific requirements of customer segments, while assessing factors including income profile and the type of security available comprising secured business loans, unsecured business loans, housing loans with focus on affordable housing loans, personal loans, CV / CE loans and gold loans. Under the non-microfinance lending book, the Bank also has wholesale loans lending to NBFCs as well as loans to small corporates.

Microfinance Lending

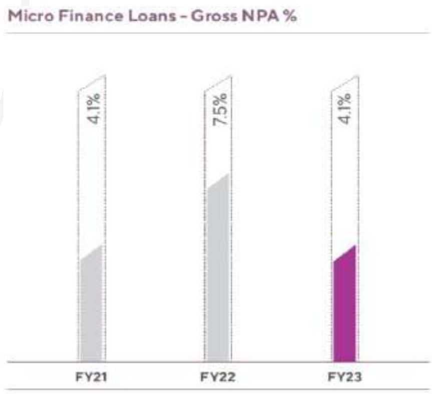
The Bank has a strong and established rural and semi-urban presence which is the backbone of its micro-finance and financial inclusion related businesses. Rural and semi-urban locations are relatively underpenetrated markets and offer good growth potential for the retail loan segment. Microfinance lending comprised 66.03% of the gross loan portfolio of the Bank as of March 31, 2023. Under the micro-finance business, the major lending products of the Bank are JLG loans, Individual loans to matured clients of JLG lending and PM SVANidhi loans to the street vendors. The Bank offers financial inclusion products including loans for income generating activities to underprivileged or low-income individuals or groups who have limited access to financial services. Under this segment, USFBL offers loans through the JLG model and business loans to those individuals who graduate from the JLG model, based on their credit worthiness and past behaviour in relation to repayment of their earlier loans. These loans help underlying borrowers to pursue income-generating activities as well as develop their entrepreneurial behaviour. The Bank believes that these customers need affordable banking services at their doorstep to help them earn livelihoods as well as 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-finance 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.

While the Bank's core geography of Bihar and Uttar Pradesh remains the mainstay of its microfinance portfolio, the Bank has been increasing its microfinance footprints to newer States. As on March 31, 2023, the Bank's microfinance loan portfolio is spread across 12 States & UTs covering a client base of more than 26 lakh. The Bank's loan portfolio is spread across 159 districts, serving through 579 Micro Banking (MB) outlets.

The credit growth in microfinance business over the last three years (FY21-FY23) was impacted by COVID disruption, primarily on the asset quality of the microfinance business on account of negative impact on the income levels of the microfinance borrowers. The growth in FY23 was also impacted by change in RBI norms for Microfinance lending which disrupted disbursements in the first quarter of FY23. During the COVID impact period of FY21-FY22, the Bank had adopted cautious approach on adding new clients (first cycle loans) which impacted credit growth in FY23 as well. The Bank's microfinance loan portfolio has grown by 15.16% in FY23 to ₹9,215.58 crore as of March 31, 2023. As the COVID impact has receded, collection efficiency is reaching back to normalcy as well as the Bank is seeing good traction in new client acquisition (first cycle loans). Going forward the Bank is expecting credit growth to improve in microfinance lending from the levels seen over the last three years.

The Bank provides cashless disbursement in the micro-banking segment and disburses all the loans in the bank accounts of its customers. Furthermore, during FY23 the Bank has launched its cash-less collection facility through UPI QR code. While the cashless collections remain <10% of total collections in the JLG business of the Bank, the Bank expects increase in cashless collections in the time to come, with further penetration of UPI smartphones among its customer base as well as launch of UPI Lite which allows UPI transfers even without smartphone.



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 the benefit of cashless mode of payment to the underlying client. Furthermore, in a bid to improve the efficiency of the business as well as seamless processes for the clients, the Bank has also launched E-KYC and E-sign facility to its microfinance clients.

As the COVID impact receded during FY23, the Bank witnessed improvement in asset quality of micro finance loans. The Gross NPAs declined from 7.5% as on March 31, 2022 to 4.1% as on March 31, 2023.

The Bank offers following products under microfinance lending:

Joint Liability Group (JLG) Loans

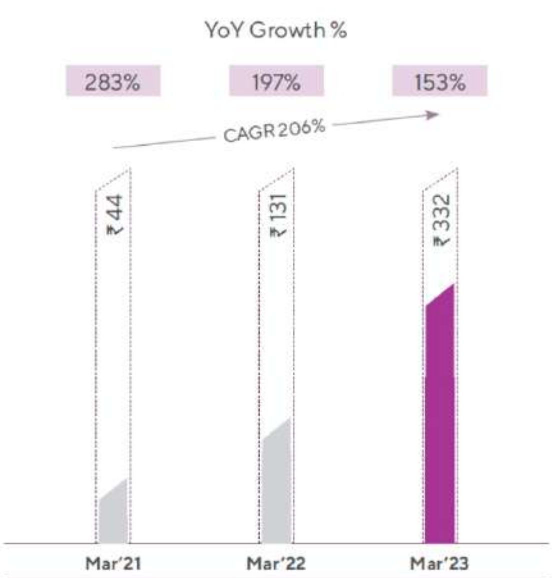
Joint Liability Group (JLG) is the loan offering of the Bank which is built on the peer-guarantee loan model which enables the individuals to take loans without any collateral or security on an individual basis. The borrowers are encouraged to promote credit discipline through mutual support within the group, encourage prudent financial conduct among the group, and ensure timely repayment of their loans.

JLG products are offered to the economically weaker sections of society to meet their individual requirements. 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 Bank offers group loan products on the basis of creditworthiness. 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 creditworthiness and the need for higher amount of loan. As of March 31, 2023, 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 Individual Loans (MBIL)

In order to meet the increasing fund requirement of the customers who have completed multiple loan cycles and are matured borrowers, USFBL introduced individual business loans for amounts of ₹1,00,000 to ₹2,00,000 and subsequent cycle of ₹1,00,000 to ₹2,50,000. Individual loans are provided especially to those who have begun their formal credit under JLG. Bank identifies a subset from its JLG customers, who are eligible for individual loans through good credit behaviour and relatively higher size fund requirement. The loan is directly disbursed in the bank account of these customers, the collection from whom is then routed through the Bank account of the customer. The Bank's Individual loan portfolio stood at ₹331.89 crore as of March 31, 2023, grown from ₹131.17 crore as on March 31, 2022. Given the Bank has a significant track record in JLG lending, a large number of JLG borrowers and the significant track record of these borrowers with the Bank, it expects significant growth potential in micro finance individual loans (MBIL) which is also reflected in credit growth registered by the Bank in MBIL lending during FY23. Furthermore, as the Bank provides MBIL loans only to its existing borrowers with good track record, asset quality in MBIL loan segment remain very healthy with Gross NPAs of <1% as on March 31, 2023.

MBIL Loan Book (in crore)



PM SVANidhi Loan Scheme

The Ministry of Housing and Urban Affairs had launched Prime Minister's Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) loan scheme, which is a special micro-credit facility scheme for providing affordable loan to street vendors to resume their livelihoods.

Savings and Pension, Health Insurance Products for Micro Finance Clients

The Pandemic proved to be a wake-up call for many in terms of financial security. Many became cognizant of the importance to have a financially secured future leading to a significant demand for these products. The Bank offers the following savings and pension products to its clients.

BSBDA Savings Accounts for Micro Finance Borrowers

As of March 31, 2023, the Bank has opened more than 14 lakh BSBDA Savings Bank Accounts. These accounts were introduced for developing the habit of savings among the microfinance borrowers and offer these borrowers suitable savings and insurance products.

Atal Pension Yojana (APY)

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. The subscribers would receive the guaranteed minimum monthly pension of ₹1,000 to ₹5,000 after attaining the age of 60 years. The product inculcates savings behaviour amongst the micro finance borrowers as well as provides them the post-retirement age security.

Daily Hospital Cash Benefits (DHCB)

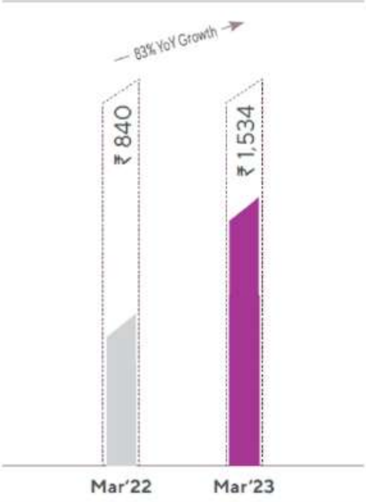
The Bank offers Hospicash (a health insurance product) to its customers. This provides health insurance cover for hospitalisation expenses for up to 30 days and also works as wage loss cover i.e. income protection for micro banking customers due to hospitalisation. It provides a fixed benefit for each day of hospitalisation irrespective of the actual medical cost. Moreover, the policy also covers the customer against an unfortunate death or disability due to an accident or illness.

Non-Microfinance Lending Book

After becoming a Small Finance Bank, USFBL has been focusing on building a more diversified retail loan book and as a strategy launched multiple loan products such as secured business loans and unsecured business loans to small businesses, housing loans, CV / CE loans, gold loans, OD against FD, loans originated through BC partners and loans to NBFCs and other small corporates. The Bank's non-micro finance loan portfolio increased from ₹2,628.32 crore as on March 31, 2022 to ₹4,741.53 crore as on March 31, 2023; the share of non-micro finance loan portfolio increased from 24.72% as of March 31, 2022 to 33.97% as on March 31, 2023. The Bank is witnessing a good build-up of its key products under non-microfinance business i.e. MSME loans, housing loans and CV/CE loans.

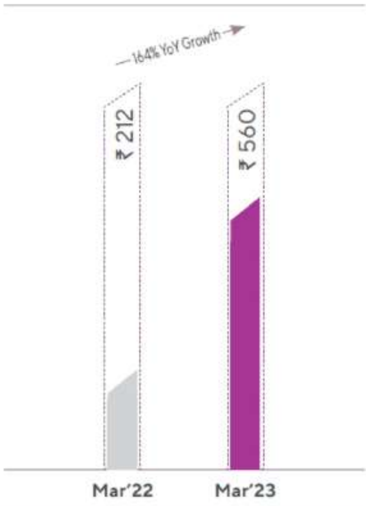
Retail Assets Lending Vertical

MSME (Retail Assets) Portfolio
(in crore)



Housing Loans Portfolio
(in crore)

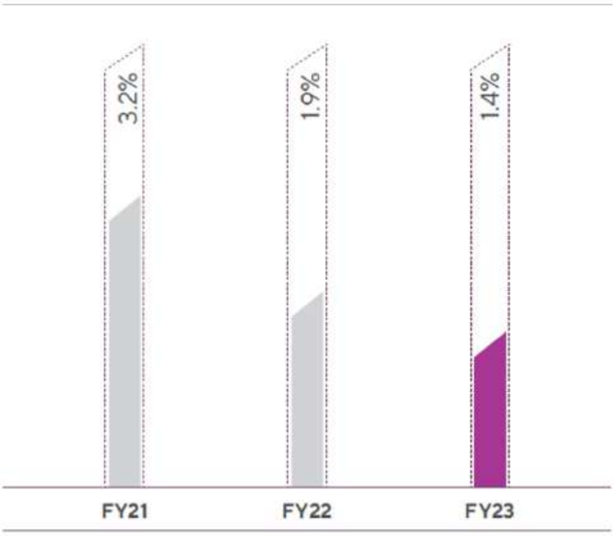
CV/CE Loans Portfolio
(in crore)



Bank's Retail loan products were introduced in the Fiscal 2017 and intended to facilitate the establishment, expansion and modernisation of businesses, eligible borrowers engaged in manufacturing or providing or rendering services with investment in plant and machinery and/or equipment up to a certain amount and turnover, are considered as "priority sector advances" under the relevant RBI regulations.

The secured products under the retail assets include products such as Business Loans Secured, Loan Against Property (LAP), Lease Rental Discounting, Loan for Purchase of Commercial Property (LPCP), Drop Line Overdraft and Overdraft for Micro and Small Enterprises. The unsecured loans include Personal Loans which are offered under retail assets lending to cater for the funding requirement of Individuals and unsecured business loans. Bank's retail assets loan book grew by 82.62% year-on-year to reach ₹1,534.09 crore in FY 2022-23 from ₹840.04 crore in FY 2021-22. The growth in MSME loan book has been supported by the activation of new locations and new product variants during the fiscal.

MSME (RA) Loan Portfolio (Gross NPA %)



During FY23, the Bank launched Micro LAP product with an objective of catering to the small ticket LAP loans to micro and small size businesses. The micro-LAP product compliments well with the Bank's strategy of offering affordable solutions to the relatively underserved segments of the Bank. As of March 31, 2023, the Bank offers MSME loans through 79 branches.

Within the retail assets lending, the Bank has been focusing more on secured loans. As a result, the share of secured loans in the total retail assets portfolio has increased to 92% as of March 31, 2023 compared to 81% as of March 31, 2022. The Bank has also strengthened its Direct Sales Agent (DSA) network during the year, enabling the retail assets vertical to reach out to newer geographies and a new set of borrowers without significant addition to the fixed cost.

Housing Loans

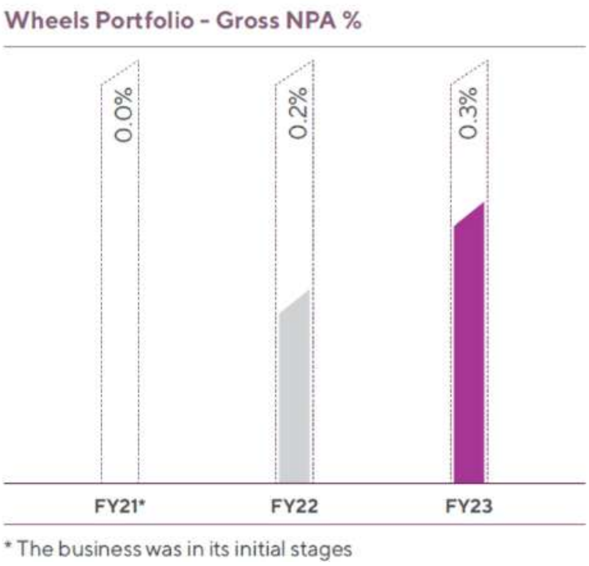
Shelter is one of the most sought-after needs by a family or an individual. With favourable policies and push by the Government for housing for all, housing finance, more specifically affordable housing finance, continues to offer significant growth potential in India.

USFBL focuses on providing affordable housing loans to self-employed and salaried individuals. The housing loan offerings are targeted towards formal, informal, and semi-formal income segments and are provided for purchase of plots & construction thereon, purchase/construction of house, improvement/restoration/extension of home. The tailored products offered by the Bank enable it to serve the needs of the customers based on their requirements.

The Bank offers housing loans with ticket size in the range of ₹2 lakh to ₹5 crore with a tenure of up to 30 years with affordable housing finance being the primary focus segment for the Bank. As of March 31, 2023, the Bank offered HL loans through its 45 branches. Housing loan portfolio of USFBL witnessed a year-on-year growth of 44.54% during FY 2022-23 to ₹519.25 crore compared to ₹359.25 crore in the previous fiscal. The growth in the housing loan book of the Bank has been supported by continuous focus on building the housing loan book, the Bank's expanding franchise and a relatively small base of the Bank's housing loan portfolio.

Commercial Vehicle (CV) / Construction Equipment (CE) Loans

CV / CE finance business has been one of the key retail loan products for Banks and NBFCs in India. During FY 2022-23, the Bank has beefed up its on-ground team for the CV & CE loan business and activated more branches for the product. The commercial vehicle finance customers typically include fleet operators & retail operators in goods, infrastructure & mining segments. The Bank offers CV / CE loans primarily from its core geographies of Bihar, Jharkhand and Uttar Pradesh, which are relatively less penetrated and offers a good growth potential, in addition to Chandigarh, Delhi NCR, Rajasthan and West Bengal. As on March 31, 2023, the Bank offered CV / CE loan products from 31 branches primarily focusing on retail customers with a ticket size of ₹5 lakh to ₹2 crore with a tenure of up to 60 months in fast moving small commercial vehicles and equipment segment. The Bank's CV / CE loan portfolio grew from ₹212.16 crore as on March 31, 2022 to ₹560.36 crore as on March 31, 2023. The Bank has strengthened the product and has streamlined the processing of the loans from sourcing to disbursement by processing the loans through LOS (Loan Origination Systems) for CV / CE loans.



Gold Loans

Over the last few years, Banks in India have been focusing significantly on building gold loan portfolio considering healthy lending yields as well as superior asset quality in the segment. With an objective to leverage the existing branch network of the Bank, to introduce a new product offering for the customers in the Bank's existing geographies and build a secured and granular loan book, USFBL forayed into gold loan product on a pilot basis in FY 2021-22. The Bank offered gold loan products from its 82 branches as of March 31, 2023.

Wholesale Lending

USFBL provides short-term and long-term loan facilities to SMEs, small & medium size corporates, Non-Banking Financial Companies (NBFCs), Housing Finance Companies (HFCs), NBFC-MFIs and other entities engaged in manufacturing, services, or trading activities. The loans are offered to meet their on-lending, 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.

With an objective to leverage the knowledge and expertise that the Bank has in the retail lending space in India and to diversify its loan book both in terms of the product it offers and the geographies it is present, the Bank started its lending to NBFCs, HFCs and MFIs across the country from FY 2017-18. The Bank provides term loans to NBFCs/ HFCs / MFIs primarily with a loan ticket size in the range of ₹5 crore to ₹50 crore. Despite the COVID disruption, the loan book under this segment has performed well and there are no NPAs as of March 31, 2023.

In addition to the lending to NBFCs, the Wholesale lending vertical focuses on catering to small corporates for their term loans and working capital requirements. The Bank provides loans primarily with a ticket size of ₹1-10 crore and mostly secured against collateral of immovable property. As of March 31, 2023, the Bank was offering this product from seven (07) locations.

The Bank's wholesale lending book increased to ₹1,546.81 crore as of March 31, 2023 from ₹926.12 crore as on March 31, 2022.

Business Correspondent (BC)

USFBL started the Business Correspondent (BC) Model in FY 2017-18 to foray in untapped geographies and diversify its loan book. The BC partners acquire, manage and service customers as an extended arm of the Bank by following all the policies and procedures laid out as per the internal governance structure. The Bank has BC partnerships for JLG, MSME & HL, supply chain finance and unsecured business & personal loans. As of March 31, 2023, the Bank had total loan book, managed by its BC partners, of ₹372.84 crore, which comprised of 2.67% of the Bank's Gross Loan Portfolio. As on March 31, 2023, the Bank had partnerships with a total of 13 BCs in the States/UTs of Andhra Pradesh, Chhattisgarh, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Telangana and West Bengal for micro banking and retail assets. The Bank is focusing on strengthening and deepening its BC partnerships including fin-tech partnerships for non-JLG loans.

Business strengths

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

USFBL leverages the legacy of UCL's experience as an erstwhile NBFC-MFI, specialised in microfinance for rural and semi-urban customers. The legacy and experience of UCL catering to the financing needs of the unbanked and the underbanked sections of the society has been transferred to USFBL's core vision. The Bank's deep understanding of the microfinance business along with its presence in relatively lower penetrated rural & semi urban locations provide a healthy growth opportunities for the Bank.

Expanding deposits base with focus on retail deposits

The Bank offers a variety of demand and time deposit products and other services, through which its customers can address their savings and transactional needs. Bank's 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 – senior citizens, middle-class individuals, and self-employed and salaried individuals. The Bank has been consistently focusing on improving granularity of its deposits and improving the share of CASA and retail term deposits. The Bank's CASA and retail term deposits portfolio together stood at ₹8,438.87 crore (61.55% of total deposits) as on March 31, 2023, compared to ₹6,008.64 crore as on March 31, 2022 (59.64% of total deposits).

Diversified distribution network with significant cross-selling opportunities

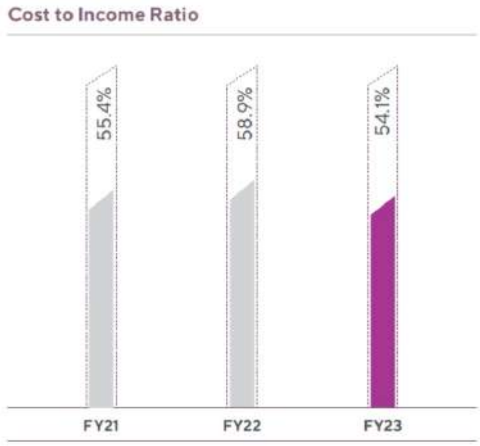
The Bank has an extensive physical network of 830 banking outlets across 22 States and 04 Union Territories, covering 253 districts in India as on March 31, 2023. Out of these 830 banking outlets, 522 are located in rural and semi-urban areas, validating USFBL's core vision of financial inclusion. The Bank has opened more than 270 branches during the last two financial years, FY22-FY23. Bank's diversified network of its banking outlets allows it to service its existing customers and attract new customers as a result of relationships cultivated through proximity and frequent interaction by Bank's employees. Furthermore, the Bank's franchise as well as large customer base offer significant cross-sell opportunities in terms of offering Bank's variety of products to its existing customers as well as offer suitable products from large number of locations.

Healthy growth with healthy financial and cost-efficient operational performance

The Bank's ability to provide its products and services in a cost-effective manner is among its core strengths and cost-to-income ratio is one of the lowest among SFBs. Bank's cost-efficient operations are attributable to its clearly articulated business strategy as well as branch structure, Bank's track record and understanding of the processes, automation and digitisation of various processes including disbursements of loans in the micro-banking business. During the year under review, USFBL maintained healthy operational performance validated by a 63.76% year-on-year growth in operating profits (before provisions) to reach ₹838.32 crore compared to ₹511.93 crore in FY 2021-22.

Focus on risk management and effective operations

Risk management is at the core of operations, and Bank has over the years focused on robust and comprehensive credit assessment and risk management framework. The Bank's framework identifies, monitors and manages risks inherent in its operations and in particular manages credit, market, liquidity, IT and operational risks. Bank's risk function has a system of measuring, monitoring and implementing 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, 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 also reflected in control of its portfolio quality indicators. As of March 31, 2023, Bank's percentage of Gross NPAs to Gross Advances was 3.23% while its percentage of Net NPAs to Net Advances was 0.39%. Bank's Provision Coverage Ratio (PCR) was healthy at 88.29% as on March 31, 2023.

UCL's Diversified shareholding and Leadership team at USFBL complementing strengths

The Company has long patronage of marquee investors' funds including from Aavishkaar Goodwell, British International Investment, Faering Capital, HDFC Ergo, HDFC Life, Hero Enterprise Partner Ventures, ICICI Prudential, International Finance Corporation, Jhelum Investment, Lok Capital, NMI Frontier Fund, RBL Bank Limited, responsAbility Participations Mauritius, Sarva Capital.

The Bank had been set up by the Company in FY 2016-17 as its 100% subsidiary. During FY21 & FY22, USFBL raised equity capital, including from Olympus ACF PTE Limited, Triodos SICAV II - Triodos Microfinance Fund & Triodos Custody B.V. Acting in its capacity as a Custodian, responsAbility Participations Mauritius, Aavishkaar Bharat Fund, Growth Catalyst Partners LLC, Bharti AXA Life Insurance Company Ltd. and ICICI Prudential Life Insurance Co., thereby diversify shareholding pattern at USFBL level and the stake of the Promoting and Holding Company (UCL) came down from 100% as on March 31, 2020 to 84.75% as on March 31, 2023.

The Banking Subsidiary i.e. USFBL has taken a plausible 'stride' of being 'Listed' at the Stock Exchanges (NSE and BSE) on July 21, 2023. The Bank has won the trust of millions, as reflected in the response to its Initial Public Offer, which not only raised the funds but also provided with a strong wing to fly to a new horizon with increased brand equity. Post-listing of the shares of the Bank, the shareholding of the Company in the Bank is now reduced to 69.28% on a Non-Diluted basis, while on a Diluted basis, it is at 69.10%.

The management team of the Bank comprises qualified and experienced professionals, having a deep exposure in the relevant sectors. The Managing Director and Chief Executive Officer, Mr. Govind Singh has an experience of 25 plus years in the banking and financial services sector and in particular the microfinance industry. The Board comprises individuals across various fields with diverse experience. The Bank's Independent Directors help in ensuring transparency and accountability in all operations. Furthermore, the Senior Management team comprises individuals with diverse and rich experience across various sectors and fields of operations.

Strategies

Leverage Bank's extensive franchise and presence

The Bank has 830 banking outlets spread across 253 districts of 26 States & Union Territories (UTs) of the country as on March 31, 2023. A large number of these branches are in rural & semi urban locations, which are under-penetrated geographies and offers good growth potential. The Bank will continue to focus on leveraging its vast presence and experience in these geographies, supplemented by suitable product offerings, to achieve healthy business growth.

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.

Grow retail deposits mix across geographies and customer segments to build stable funding source

The Bank is intended to strengthen its liability franchise, by focussing on the CASA and retail deposit base to ensure steady growth. The Bank has been expanding the deposit base on the back of expanding the outreach of its banking outlets coupled with the digital offerings. In order to strengthen the deposit base further, increase its CASA ratio and offer multi-channel customer experience, the Bank intends to enhance its digital offering at various touchpoints of customer life cycle by implementing initiatives such as digital onboarding, self on-boarding, internet and mobile banking, corporate internet banking, micro-ATMs, and customer relationship management. USFBL has further laid down a two-pronged strategy to expand its retail footprint i.e. (i) further penetration in existing geographies; and (ii) expand the reach into newer states in western and southern India.

The Bank is focussing upon cross-sell of liabilities products to its retail asset and JLG customer base by assisting them with opening current and savings accounts and promoting financial prudence to save more among the masses with the help of recurring deposits, fixed deposits and other products. Further, the Bank offers RuPay debit cards for domestic use and Mastercard debit cards for both domestic and international use. This is in addition to internet payment gateway, UPI payment solutions, e-NACH and public financial management system.

Increase share of fee income and capitalise on cross-selling opportunities

In order to create a robust revenue stream, the Bank is eyeing on diversifying the fee and non-interest-based revenues by generating fee income from own products and cross-selling third-party products such as life insurance and general insurance products, mutual funds, Atal Pension Yojana, National Pension Scheme, and micro-insurance. The Bank is focussed increasingly on bancassurance channels to distribute various categories of third-party insurance products to existing customers. As on March 31, 2023, the Bank had seven (07) bancassurance relationships with insurance companies to offer life insurance, general insurance, and health insurance products.

Revolutionising use of technology and digital offerings for last-mile delivery to customers

The optimum use of advanced, cost-effective technology has significantly driven the operations of the Bank and going forward, it is intended to strategically invest the resources in leveraging technology for efficient operations as the Bank scales up. By furthering its digital and technology platform, Bank's endeavour is to reduce its operating cost, increase efficiencies as well as encourage customers to migrate from an assisted model to a self-service delivery model. Thus, the Bank continuously intends to continue investing in technology and revolutionising the use of the technology. It will enhance the customer experience and offer them a range of bespoke financial products in accordance with their financial requirements.

Business Technology Transformation project

Furthermore, in a bid to strengthen its technology architecture further, the Bank is undertaking a Business Technology Transformation project. The objective of the project is to review existing products, operations process, existing technology stack. Post review, the revised digital process and technology stack requirements had been crystallised basis the emerging trends in banking space. This would lead to enhance USFBL's account acquisition and banking operations to offer more efficient services to its customers. The Bank has engaged the services of one of the big four firms as consultant for assisting implementation of the Business Technology Transformation project.

The Bank had already prepared a blueprint of the transformation journey. Now, the Bank is working on "Design" phase of the business processes, technology partner finalisation and technology modernisation. Under "Design" phase, the Bank has set a specialised dedicated team i.e. Transformation Management Office (TMO) which includes multiple skill sets from different domains like Banking, Support functions, Project Management, Technology, etc. The product journey is being revisited to make it more customer-centric along with system scalability to cater expected growth of business volumes in coming years.

Financial inclusion and priority sector lending

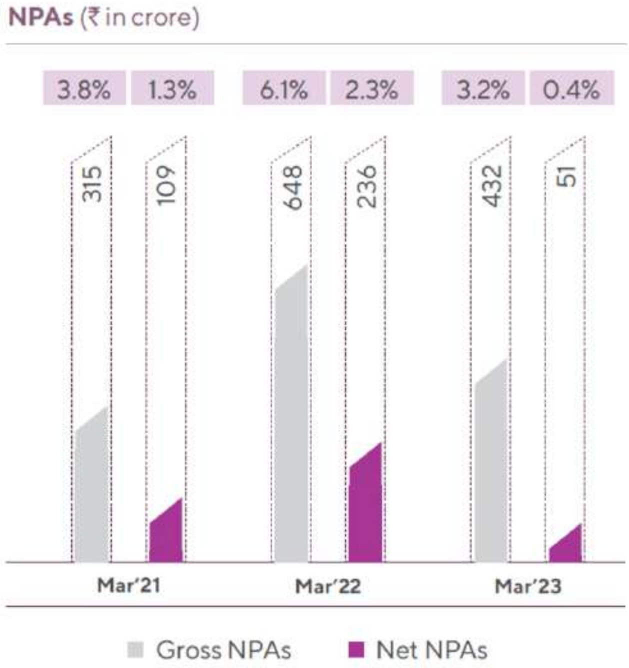
The Reserve Bank of India (RBI) has mandated a higher priority sector lending requirement for SFBs at 75% vs. 40% for universal banks. Owing to the Bank's legacy of serving under-banked population of the country and promote financial inclusion, USFBL meets priority sector lending requirements comfortably while monetising surplus PSL portfolio through sale of Priority Sector Lending Certificate (PSLCs) or sale of surplus PSL portfolio through IBPC / portfolio sell-down. As of March 31, 2023, around 83% of the Bank's loan portfolio qualified for priority sector lending (PSL norms). SFBs are required to achieve a PSL portfolio at 75% of the previous year's ANBC. On an overall basis, after netting of PSLC sale / IBPC, the Bank's PSL achievement stood at 83.42% during FY 2022-23, 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 its surplus PSL portfolio through Priority Sector Lending Certificates (PSLCs), thereby earning non-interest income. During FY23, the Bank earned PSLC income of ₹96.14 crore. Furthermore, Bank gains from RBI's norms for PSL adjustments for district-level exposure i.e. higher PSL weight for incremental exposure to districts with lower credit penetration and lower PSL weight for incremental exposure to districts with higher credit penetration. A large number of districts in Bihar and Eastern Uttar Pradesh, wherein the Bank has a significant presence, fall in the category of underpenetrated districts, which also validates the Bank's agenda of penetrating unserved and underserved sections of the country.

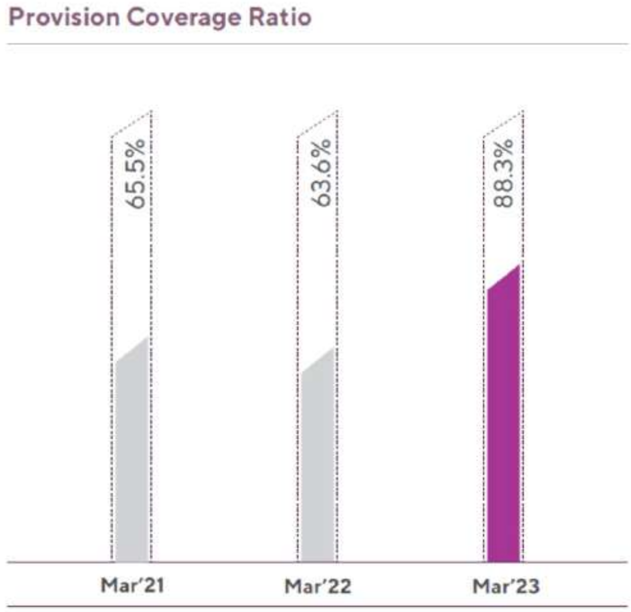
Furthermore, USFBL is comfortably placed on RBI's norms for SFBs to maintain loans with ticket size of up to ₹25 lakh for at least 50% of the Bank's total loan portfolio. The Bank's lending to the ticket size of less than ₹25 lakh was at 74.9% of the loan portfolio as on March 31, 2023.

Asset quality reaching back to normalcy

After significant stress on collection efficiency and asset quality in FY21-FY22 on account of severe economic and healthcare stress caused by COVID-19, the Bank witnessed significant improvement in asset quality during FY23. The Bank's Gross NPA reduced from 6.10% during FY 2021-22 to 3.23% as on March 31, 2023. Bank's Net NPA decreased from 2.31% in FY 2021-22 to 0.39% as on March 31, 2023. Furthermore, the Bank's standard restructured advances also declined to negligible level of 0.2% as on March 31, 2023. During FY23, the Bank also strengthened provision cover by creating additional floating provision for its microfinance loan book to mitigate against unknown event risk for microfinance business. As a policy, the Bank has created floating provision equal to 1% of its microfinance loan book of March 31, 2022 i.e. ₹80 crore during FY23. This provisioning policy of the Bank is aimed towards building adequate provision cover in normal times to absorb and mitigate against unknown event risk for microfinance business. On an overall basis, the Bank had provision coverage ratio of 88.29% as of March 31, 2023 as against 63.62% for FY 2021-22.

In addition, the Bank is carrying a contingency provision of ₹13 crore (over and above provision required for NPAs & restructured advances, floating provision) as a buffer against higher portfolio vulnerability of Microfinance loans.





Financial performance

FY23 has been an excellent year from financial performance perspective for the Bank. The Bank has reported highest ever annual profit of over ₹400 crore in FY23. Bank's capital plus reserves position crossed milestone of ₹2,000 crore at the end of FY23 and Bank's loan portfolio and deposits registered healthy business growth.

(Amount in ₹ crore)

Income Statement	2022-23	2021-22	Change y-o-y
Deposits	13,710.14	10,074.18	36.09%
Gross Loan Portfolio (GLP)	13,957.11	10,630.72	31.29%
Net Advances	13,068.77	10,228.15	27.77%
Investments	2,859.42	2,347.92	21.79%
Capital + Reserves	2,000.32	1,572.30	27.22%
Net Interest Income	1,529.03	1,060.85	44.13%
Non-Interest Income	299.31	184.83	61.93%
Total Income	2,804.29	2,033.65	37.89%
Operating Expenses	990.01	733.75	34.93%
Operating Profit	838.32	511.93	63.76%
Provisions	302.51	432.22	(30.01)%
PBT	535.81	79.71	572.18%
Tax	131.31	18.25	619.47%
PAT	404.50	61.46	558.14%
Net Interest Margin	9.57%	8.75%	

Particulars	2021-22	2022-23
Cost to Income	54.15%	54.15%
Return on Average Total Assets (ROAA)	2.42%	2.42%
Return on Capital plus Reserves	22.84%	22.84%
Gross Loan Portfolio / Capital and Reserves	6.98	6.98

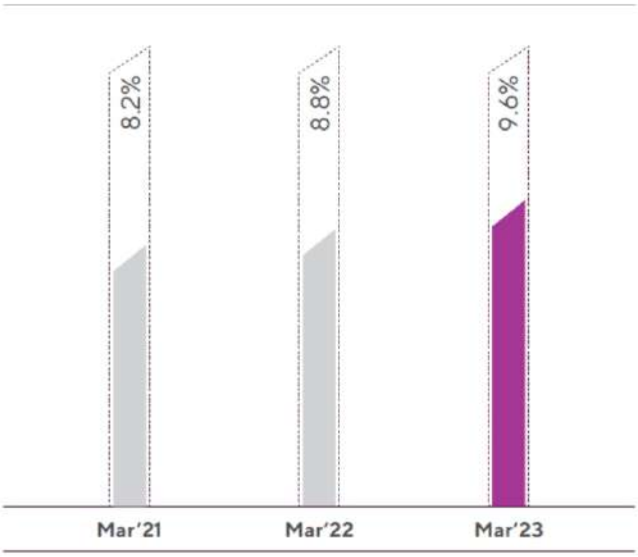
i. The Net Interest Income (NII) of the Bank grew by 44.13% from ₹1,060.85 crore in FY 2021-22 to ₹1,529.03 crore in FY 2022-23. The growth in NII in FY 2022-23 was supported by healthy growth in business and NIMs expansion during FY23. Bank's NIMs improved from 8.8% in FY22 to 9.6% in FY23.

ii. The Other income of the Bank witnessed a growth of 61.93% from ₹184.83 crore in FY 2021-22 to ₹299.31 crore in FY 2022-23 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.

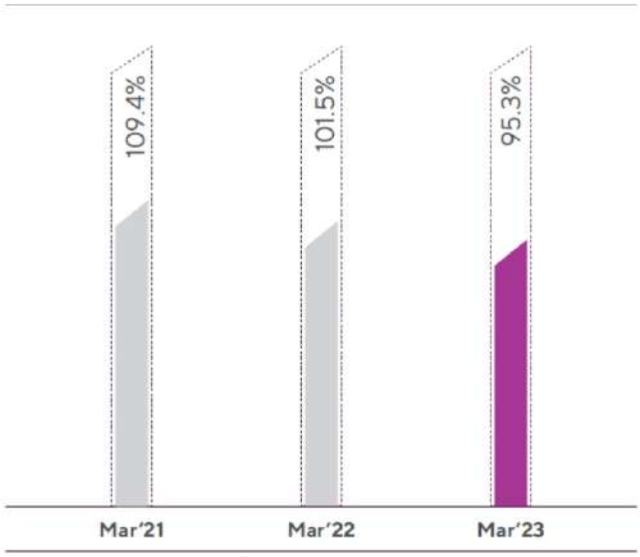
iii. The operating expenses of the Bank increased by 34.93% during FY 2022-23 primarily on account of significant expansion in franchise (more than 270 new branches during FY22-FY23), increase in employee base from 12,617 as on March 31, 2022 to 15,424 as on March 31, 2023, as well as restoration of on-ground movement post disruption caused by COVID-19 in FY21-FY22. On the back of higher income growth vs. expenses, the cost-to-income ratio of the Bank reduced to 54.15% in FY 2022-23 as compared to 58.90% in FY 2021-22.

iv. The PPOP (Pre-Provisioning Operating Profit) of the Bank grew by 63.76% year-on-year to ₹838.32 crore in FY 2022-23 as compared to ₹511.93 crore in FY 2021-22. The growth in PPOP is on account of NIMs expansion as well as healthy growth in other income in FY23.

Net Interest Margin

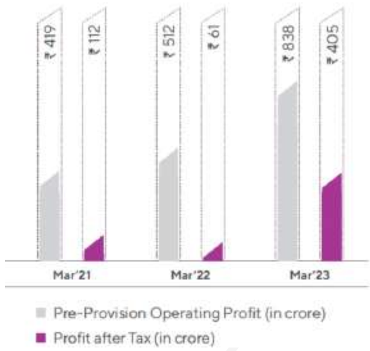


CD Ratio



Profit after Tax

Overall, Bank's profitability rebounded significantly in FY23 with PAT of ₹405 crore vs. PAT of ₹61.46 crore in FY22. The improvement in PAT is also on account of decline in credit cost, with improvement in asset quality, during FY23 vs. FY22. The Return on Average Assets (ROAA) was healthy at 2.42% during FY 2022-23 compared to 0.48% in FY 2021-22 and return on equity was 22.84% in FY 2022-23 compared to 4.14% in FY 2021-22.



Loan Portfolio

The gross loan portfolio of the Bank reported a growth of 31.29% from ₹10,630.72 crore as of March 31, 2022 to ₹13,957.11 crore as of March 31, 2022. Loan book growth is mainly on account of an expanding franchise, healthy growth in microfinance business and faster growth in the non-microfinance portfolio of the Bank. Total net advances of the Bank grew to 27.77%, year-on-year, to reach ₹13,068.77 crore in FY 2022-23 from ₹10,228.15 crore in FY 2021-22. During FY23, the Bank issued IBPC of ₹600 crore at competitive interest rate which led to decline in net advances by ₹600 crore vs. March 31, 2022.

Deposits

The aggregate deposit of the Bank registered a growth of 36.09% from ₹10,074.18 crore as on March 31, 2022, to ₹13,710.14 crore as on March 31, 2023. The Bank's CASA deposits grew by 27.09% year-on-year to reach ₹2,863.74 crore in FY 2022-23 compared to ₹2,253.29 crore in FY 2021-22. Further, the retail term deposits of the Bank grew by 48.46% year-on-year to ₹5,575.13 crore in FY 2022-23 compared to ₹3,755.36 crore in FY 2021-22.

NPA

The Bank's Gross NPAs declined from 6.10% as on March 31, 2022 to 3.23% as of March 31, 2023. The Net NPAs improved from 2.31% as of March 31, 2022 to 0.39% as of March 31, 2023. The Bank is holding provisional coverage of 88.29% as of March 31, 2023. In addition, the Bank is carrying a contingency provision of ₹13 crore (over and above provision required for NPAs & restructured advances).

CRAR

The Bank's Capital to Risk weighted Asset Ratio (CRAR) stood at 20.64% as on March 31, 2023 compared to 21.59% as on March 31, 2022. Further, the Tier-I CRAR of the Bank stood at 18.25% as of March 31, 2023, as compared to 18.08% as of March 31, 2022.

Particulars	2021-22	2022-23
CRAR	20.64%	21.59%
Tier-I	18.25%	18.08%
Tier-II	2.39%	3.51%

Credit ratings

The Bank's Certificate of Deposits programme has been rated at the highest credit rating grade - [ICRA] A1+ by ICRA Limited. As on March 31, 2023, the Bank's long-term subordinated bonds were rated at A (Positive) rating by ICRA and CARE Ratings. Subsequent to March 31, 2023, the Bank's credit rating for subordinated bonds by ICRA Limited upgraded one notch to [ICRA]A+ (Stable) from [ICRA]A (Positive) in April 2023. The rating upgrade reflects improvement in asset quality and profitability profile of the Bank.

Particulars	2021-22	2022-23
ICRA Limited	Certificate of Deposit	[ICRA] A1+
	Subordinated Debt Programme	[ICRA] A (Positive) as on March 31, 2023; upgraded to [ICRA]A+ (Stable) in April-2023
CARE Ratings	Long Term Tier II Bonds	CARE A (Positive)

OUTLOOK

FY23 has been an excellent year from financial performance perspective for the Bank. The Bank had reported highest ever annual profit of over ₹400 crore in FY23. Bank's loan portfolio and deposits registered healthy business growth. While FY24 is expected to pose challenge with respect to hardened interest rate scenario and re-pricing of deposits & borrowings at elevated interest rates, the Bank expects to maintain NIMs at healthy level as increase in funding cost is expected to be passed on to the lending rates. Furthermore, as COVID impact has receded and business environment has reached normalcy, the Bank expects credit costs to somewhat moderate in FY24 from the level seen in FY23. The business growth (loan portfolio and deposits) is also estimated to reach full normalcy in FY24. Overall, FY 2023-24 is likely to be a near normal year with profitability and growth projected to remain healthy.

USFBL strives to be a retail-focussed Bank, providing financial services and quality products and solutions. The Bank intends to develop and offer a comprehensive suite of assets and liabilities products that will draw in new customers and deepen 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 the tapping of metropolitan and urban areas by promoting savings accounts and other deposit products.

In this endeavour, the Bank envisions technology to be a key enabler. Upon this, the Bank intends to enhance its digital offerings through internet and mobile banking applications and other digital channels. This is in addition to leveraging data analytics to gain deeper insights into customer trends and develop customised products for specific customer segments. Furthermore, the Bank is in the process of undertaking Business Technology Transformation project to review existing products & technology and emerging technology in banking space to strengthen its technology architecture.

Central Processing Centre (CPC)

The objective of having a CPC is to support the Bank's core banking operations and the various initiatives undertaken to improve its operational efficiency. The CPCs of the Bank are based out of Varanasi and Navi Mumbai. Continuing this pursuit, during FY 2022-23, the Bank's CPC supervised:

i. Automation of process to enhance the productivity (Bulk Lien / Freeze / Dormancy / Mobile Deregister in single step)

ii. Launching of Deliverables Tracking System (DTS) for real-time tracking of deliverables

iii. Digitalisation of account opening

iv. Setting up of dedicated team for smooth onboarding & servicing of Institutional Clients

v. VKYC – Implementation of VKYC process for Liability and Assets vertical

vi. 24x7x365 days operation to facilitate reconciliation and settlement of NEFT, RTGS, NACH, UPI, IMPS, APY, Bill Desk, Merchant QR code services

vii. 365 days operation support for EMI collection through UPI QR Code & BillDesk

viii. Setting up micro-ATM operations and in-housing of Cash replacement service for General Banking onsite ATMs

ix. 100% cassette swap implementation & maintaining 98% uptime in ATMs

x. Started Aadhaar Seeding process to participate in DBT facility as per NPCI guideline

Internal Ombudsman (IO)

The Internal Ombudsman Scheme is introduced with the objective of enabling and ensuring a proper and speedy resolution of complaints of Bank customers at the Bank level by an independent apex level authority within the Bank. Internal Ombudsman deals only with the complaints that have already been examined by the Bank's internal grievance redressal mechanism and have remained partly or wholly un-redressed.

Further, the Internal Ombudsman also analyses the pattern of complaints such as product/category wise, consumer groups wise, based on geographical location, etc. and suggests means for taking actions to address the root cause of complaints of different nature. The Internal Ombudsman holds meetings with concerned functionaries/ departments of the Bank and seeks records/ documents available with the Bank that are necessary for examining the complaint. 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.

In the backdrop of above, the presence of Internal Ombudsman at the apex level of Grievance Redressal Mechanism of the Bank is helping to enhance the impartiality of the mechanism, as the grievance resolution have an independent viewpoint as a precursor to Banking Ombudsman.

Grievances closed by IO in FY 2022-23:

No. of grievances received by the Bank during 2022-23	No. of cases rejected by Bank partly/fully during 2022-23	No. of cases reviewed by IO during 2022-23	No. of grievances closed by IO during 2022-23	No. of grievances outstanding as on March 31, 2023
20,799	143	143	143	-

Disposal of grievances by Bank during FY 2022-23:

No. of grievances at the beginning of 2022-23	No. of grievances received by the Bank during 2022-23	No. of grievances disposed of, by the Bank in 2022-23	No. of grievances outstanding as on March 31, 2023
142	20,799	20,703	238

Credit function

The Credit Department of the Bank has verticals on Retail Lending, Wholesale Credit, Micro Business Individual Loans, Credit Administration (CAD) and Credit Support.

The Credit department's major objectives are as follows:

i. Responsible for development of Credit & Risk management strategies for loans acquisition ensuring sustainable business growth & healthy portfolio for Retail lending and Wholesale lending products

ii. Leverage on Technological tools for various credit appraisal and financial analysis process

iii. Leverage on Score card based underwriting model for Retail Lending products

iv. Prudent monitoring framework on Portfolio behaviour & asset quality

v. Adoption of a forward-looking and market responsive approach within the framework of policy guidelines for moving into profitable new areas of lending which are emerging in the market

vi. Fulfilling responsible lending objectives

The Credit function largely performs the following to achieve the defined objectives:

i. Ensuring credit expansion to productive sectors with an emphasis on asset quality

ii. Utilising the sanctioning powers judiciously by following the credit norms, risk management considerations and due diligence while appraising Wholesale & Retail loans

iii. Ensuring prudent credit risk management practices and high standards of due diligence to protect and improve asset quality at both transaction and portfolio levels

iv. Leverage on various smart technological tools like "Perfios" tool for financial & banking analysis, "SaveRisk" & "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

v. LOS systems for loan applications processing and leverage on Rule Engine for adherence of various product guidelines, automation of various processes, monitoring of early warning signals, etc.

vi. Lending for the sustenance of profitability, implying the need to nurture superior credit appraisal skills through specialisation and competence building

vii. Ensuring KYC norms are strictly followed, and the borrowers are carefully selected after proper pre -sanction scrutiny and thereafter monitoring the account constantly to maintain asset quality

viii. Post disbursement, portfolio & covenant monitoring on wholesale lending products with periodic reviews and monitoring visits to Companies

Collection mechanism

The Bank presently has an in-house team for collections. The team comprises of Head Collections and Zonal and Regional teams to monitor over 150 fleet on street (FOS) and control delinquencies. The field teams are well trained as per the Bank's policies and code of conduct. The Bank also utilises an outsourced call centre for pre-EMI calling and reminding customers in case of overdue for businesses, other than the JLG lending business. The Bank also has an in-house legal team for the recovery of dues. There is a well laid down process and policy for the entire collections cycle: tele-calling, customer servicing, legal notices, repossession, and auction of assets.

Treasury

The Bank conducts its Treasury business and operations from its Treasury Office equipped with necessary infrastructure and primarily operates out of Mumbai. The Treasury of the Bank operates on the principle of independent functioning and reporting amongst Dealing Desk, Settlement & Operations Team and Risk to ensure effective checks and controls over its business and operations.

In its main role of managing liquidity for the Bank, the Treasury monitors ALM (Asset and Liability Management) & LCR (Liquidity Coverage Ratio) and ensures adequate liquidity in the system to meet payment obligations and liquidity requirements arising out of asset growth through participation in money and security markets. Treasury ensures compliance with various Regulatory and Management guidelines regarding liquidity management and investment activities that inter alia include CRR and SLR.

The Treasury, in conducting its investment activities, is guided by the Board-approved Comprehensive Investment Policy and other Management Policies. The Investment Policy is subject to review and is updated with necessary approvals from the Board Committees and the Board, as warranted by the market dynamics including changes in Regulations and Bank's intention to expand into newer Treasury products and services. Treasury focuses on optimising the yields of the investment portfolio and controlling the overall cost of funds for the Bank through an optimal mix of deposits, especially sustainable retail deposits and borrowing through refinance and Inter-Bank Participation Certificate (IBPC).

Treasury has put in place robust Business Continuity Plans (BCP) and periodically conducts business from alternate locations as part of BCP.

RISK MANAGEMENT

In the recent times, Banking industry witnessed significant transformations due to high usage of technologies, evolving business models, changing regulatory standards, and many other external and internal factors. Risk management is the most critical element for the Bank and in the Banking industry, this has become even more critical, considering the Bank being custodian of public deposits. The nature of Risk has a wide array which evolves around Credit Risk, Market & Liquidity Risk, Operational Risk, IT & Cyber Security Risk and other risks. The Bank has adopted a structured approach for risk management to identify, assess, monitor, and manage risks through the effective use of processes, data, and technology. The Bank ensures that the officials having the responsibility of leading the risk management in the Bank are suitably qualified, experienced, and trained.

Risk management function in the Bank is independent of business functions and an integral part of growth strategy of the Bank and is entrusted with the responsibility of managing risks prudently. The risk management philosophy and approach are designed to protect depositors', customers' and other stakeholders' interests and protect the reputation of the Bank.

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. In addition to RMCB, Bank also has various Senior Management Level Risk Committees e.g., Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC), Asset Liability Management Committee (ALCO) and Information Security related Committee. Further, 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 i.e. Credit Risk, Market & 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.

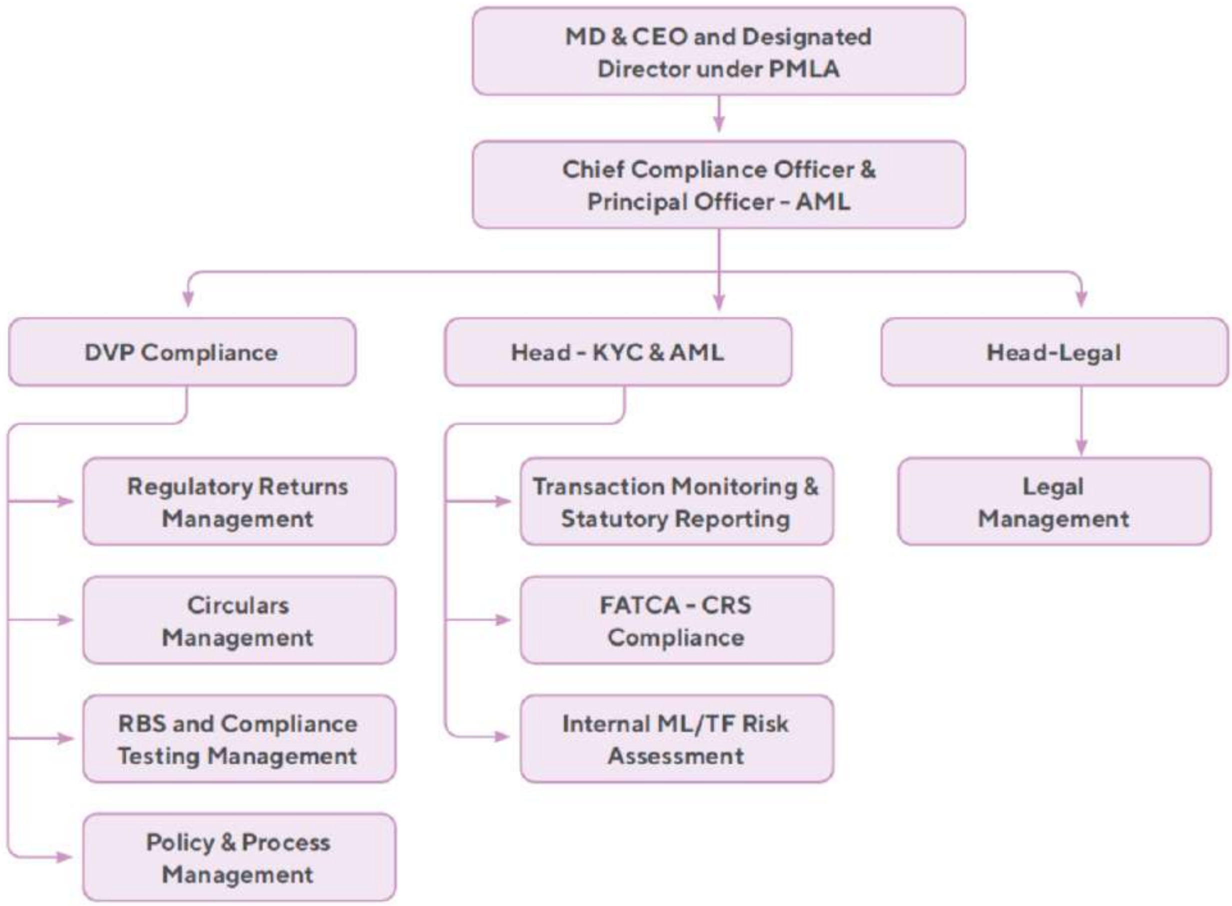
Risk	Impact	Mitigants
Credit Risk	Bank defines credit risk as the risk of loss associated with a borrower or counterparty default (failure to meet obligations in accordance with agreed upon terms). It adversely impacts both the revenue and margins of the Bank.	Credit Risk Management Committee (CRMC) oversees and reviews the credit risk and is responsible for prudential limits on large credit exposures, portfolio concentration, portfolio management, loan review mechanism, risk concentration, monitoring and evaluation, provisioning, regulatory and other issues around it. All aspects of credit risk are governed by the Credit Risk Management Policy and other Policies. The Bank has laid down various limits and caps on various aspects to control the magnitude of credit risk. Portfolio review and monitoring is carried out through Early Warning Framework, Portfolio Review and Close monitoring of High Value Customers. Credit Risk Management Committee follows the following approach to assess, identify, manage and mitigate the Credit Risk in the Bank: i. Adherence to the guidelines/policies related to credit, credit risk and NPA management as issued by the Reserve Bank of India (RBI) from time to time ii. Establishing a governance framework to establish an effective oversight, segregation of duties, monitoring and management of Credit Risk in the Bank iii. Setting up and monitoring of the credit and credit risk appetite and limits and taking suitable action and reporting of breaches, if any iv. Setting the framework for identification and monitoring of Early Warning Signals and Red Flag accounts v. Enhance use of structured internal and external data for taking informed decisions and usage of score cards for various decisioning

Risk	Impact	Mitigants
		vi. Undertaking stress testing and taking suitable action based on results vii. Monitoring of various global and domestic developments, industry analysis and issue guidelines and directions
Market Risk	Risks arising from the movement in market prices might impact the revenue generation ability of the Bank.	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. 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, deposits and borrowing, enabling improved and informed decision-making by the Senior Management.
Operational Risk	Inadequate or failed internal processes, people, and systems might have an adverse impact on the profitability of the business.	Operational Risk Management Committee (ORMC) is responsible for the implementation of the Operational Risk framework of the Bank. All the new products and processes, as well as changes in existing products and processes are subjected to risk evaluation by the Operational Risk team. Outsourcing arrangements are examined and approved by the Bank's Outsourcing Committee after a thorough review by the Operational Risk team. The Bank has set up a comprehensive structure for documenting, assessing, and periodic monitoring of various risks and controls linked to various processes across all businesses. The Bank has a comprehensive operational risk management policy, with a framework to identify, assess and monitor risks and strengthen controls to improve customer service and minimise operational losses. The Bank has 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.

Risk	Impact	Mitigants
Fraud Risk	Fraud risks comprise cyber threats, scam, processing errors and document mishandling, among others, affecting the goodwill and the revenue generation of the Bank.	To mitigate this risk, the Bank has put together 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 the FRM Department, which is tasked with reviewing the loan and liabilities applications as part of screening and sampling (S&S) activity. Under S&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/NBFCs, ensuring improved scrutiny of assets and liabilities applications. Further, the Bank is using the EFRM system of NPCI for monitoring the UPI transactions and Inline Fraud Risk Management (IFRM) tool for monitoring other suspicious digital payment transactions across all channels except CIB.
IT Risk	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.	To ensure efficient management of IT risk and confidentiality & 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. Further, to ensure business continuity through work from home, securing people, process and technology was of innate importance. In doing so, the Bank has put in place the BCP and incident response plans for handling both operational and security risks.
Liquidity Risk	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.	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. 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 periodical liquidity stress tests. Periodical liquidity positions and liquidity stress results are reviewed by the Bank's ALCO and the Risk Management Committee of the Board. The Bank has set prudential internal limits in addition to regulatory limits on liquidity gaps, borrowings, deposits, and placements, among others. The Bank maintains Liquidity Coverage Ratio (LCR)/Net Stable Funding Ratio (NSFR) in accordance with the RBI guidelines and within the defined risk appetite of the Bank.

Risk	Impact	Mitigants
Cyber Risk	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.	The Bank has created an effective and efficient process in line with the RBI directions and guidelines to enhance the cybersecurity posture of the Bank. 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. 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. The Bank has complied with Baseline Cybersecurity Resilience requirements of the RBI. The Bank has implemented defence in depth security at perimeter, network, application, data, and physical layers. Robust Cybersecurity awareness program is in place as part of overall Cybersecurity program for customers, employees, and partners. Cyber Risk Insurance coverage is in place for the Bank as a fallback against the risks of cyber incidents. The Bank is ISO 27001:2013 certified. Bank has got the awards from IBA for better Cyber Risk Management consecutively for the past two years.

Compliance Architecture



Process framework within the compliance department

The Bank's Compliance Department consists of Regulatory Compliance, AML Compliance and Legal. The Compliance Department has an established process of dissemination of regulatory changes, updation of policies, tracking timely submission of returns to regulatory authorities, correspondence with regulatory authorities, transaction monitoring, drafting, and vetting of agreements and advising various internal stakeholders on legal matters. This helps the Bank ensure effective compliance with policies, regulatory guidelines, and applicable legal framework.

Following is the key process framework of Compliance Department:

i. Circular management process

ii. Returns management process

iii. Policy management process

iv. AML/Transaction monitoring process

v. Compliance risk assessment framework (compliance testing)

vi. Risk-Based Supervision (RBS) data management

vii. Legal 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. Failure to meet the said guidelines within the stipulated timeline might be considered non-compliance, in turn, attracting financial fines. The Bank's compliance department has institutionalised 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 institutionalised a robust returns management process to ensure timely submission of such returns.

Policy, product and process management

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 department, before seeking approval of the Board of Directors. The Bank has a framework for rolling out products and processes through a management level committee, named Product and Process Management Committee (PPMC)

AML/Transaction monitoring process

The AML cell of the compliance department is tasked with the supervision of 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). The AML cell is in the process of upgrading its systems and processes in line with the requirements of FIU-IND as also to equip itself to adhere to the action points arising out of the recommendations of the Financial Action Task Force (FATF).

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 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 the 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. The Compliance Department acts as the interface and the Single Point of Contact (SPOC), representing the Bank vis-à-vis these authorities for any requirements.

Legal management

The legal management process helps in addressing queries related to the following:

a. Clarification on branch operations 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

b. Advising on issues related to disciplinary proceedings against employees, replies to notices issued by Labour Authorities pertaining to HR issues, etc.

c. 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 / proposes way forward in cases filed against the Bank, actions to be taken under arbitration, proceedings under SARFAESI Act, etc.

d. 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

e. Advising on issues relating to title investigation reports prepared by empanelled advocates

f. 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 Committees and the Board of Directors, 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.

AUDIT AND INTERNAL CONTROL SYSTEMS

The Bank has a dedicated Internal Audit function performing the independent and objective 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 risks, 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 synchronised to the risk profile of each audit unit in line with the guidelines relating to Risk Based Internal Audit (RBIA) of the Reserve Bank of India (RBI).

In order to strengthen Internal Audit Function, the concurrent and off-site audit have been integrated into the internal audit process to achieve incessant real-time supervision and control. The Audit department has got IT applications which help in planning, executing, reporting audits and storage of audit documents. In line with the technology adoption and digitalisation of the 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. The Internal Audit function proactively recommends improvements in Operational Process, System Controls and Service Quality from time to time, wherever deemed fit.

The Head – Internal Audit of the Bank functionally reports to the Audit Committee of the Board (ACB) of the Bank, ensuring the Independence; and for administrative purposes, reports to the Managing Director & CEO of the Bank. The Banks' Internal Audit Department (IAD) is manned by 176 appropriately skilled, experienced and qualified professionals. The Internal Audit Department works under the guidance of Audit Committee of the Board (ACB) and the ACB reviews the efficacy of the Internal Audit Department, the effectiveness of controls laid down by the Bank and compliance with internal and regulatory guidelines, thus ensuring the alignment with the Best Practices on corporate governance.

VIGILANCE MECHANISM

The role of the Vigilance & Security Department of the Bank is multi-dimensional. Apart from the investigation of fraud, theft, robbery, misappropriation of cash, policy violation and corruption cases, the vigilance department is imparting training to the bank employees on vigilance awareness, surveillance, security of bank property, etc.

Vigilance Tele-calling team contacts borrowers of the Bank to take their feedback from vigilance angle. The Vigilance Department also deals with information received under the whistle blower policy of the Bank and also undertakes general liaison with local government authorities, especially, Police Department.

Various circulars covering vigilance and security awareness are issued by the Vigilance Department from time to time. In appropriate cases, draft FIRs are prepared and sent to the concerned business teams for filing criminal cases against guilty persons. All investigation reports are sent to the HR Department of the bank for initiating suitable disciplinary action. Periodical and surprise branch visits are also done by the Vigilance Department.

INFORMATION TECHNOLOGY (IT)

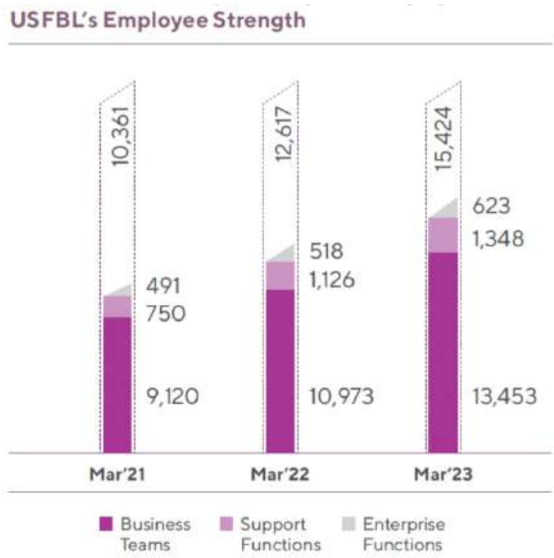
Information Technology is an important driver for improving the efficiency & productivity of the organisation. This is a major differentiator for the bank as it is constantly working on enhancement of existing technology solutions and engaging with new technology and technology partners to achieve business growth.

While continuing its digitalisation and automation journey, the Bank has successfully implemented "UPI Lite" payment system, thereby, USFBL being the first Small Finance bank to implement this in Indian Banking domain. Cashless collection through QR Code has been added to the digitalisation journey, as an addition to cash-less disbursement of Joint Liability Group Loans. To enable a secure Mobile Banking Transactions for Bank's customers, the Bank added feature of device binding in-line with regulator guidance. The feature of e-signature added towards the paperless transaction part of the Go-Green Mission of the Bank. Bank has enhanced its business applications like CBS, LMS, LOS, etc. with added features during the year to improve efficiency of end users along with new product features. Bank had already started using Robotic Process Automation (for processes where manual duplicate work shall be automated with the help of software robot) and Rule engine for policy implementation and automating underwriting.

Modern collaboration tools are now being used extensively within organisations to improve internal communication and processes. Along with the Data Center (DC) and Disaster Recovery (DR) centre, the Bank has operationalised Near Data Recovery (NDR) centre to ensure quick availability of systems in case of any disaster. Data Lake platform are being integrated with CBS and other channels to centrally collate data from different applications and enable Data Analytic output.

HUMAN RESOURCES AND TRAINING

Human resources is a core function of the Bank which is entrusted with the responsibility of managing the entire lifecycle of an employee while striking a positive impact. During the fiscal 2022-23, the Bank added 2,807 employees of which 1,381 were female employees. The employee strength of the Bank as on March 31, 2023 was 15,424.



The Bank fought the most unprecedented event of its lifetime - COVID-19 Pandemic in multiple waves. As learning has no lockdown, the Bank continued its learning journey by moving its training sessions online. As the markets eased and the situation improved, the classroom learning mode with a blended mix with online mode. The Bank is also developing an internal talent pool through training programs from various institutions, to grow and expand in new geographies and diversify its products. The Bank believes in the broad-based capability development of its employees.

The HR & Training team of the Bank incorporates a healthy mix of Business Teams, Support Functions and Enterprise Functions through various learning modes such as classroom programs, external programs, certification programs and e-learning modules to facilitate the learning process across all levels. The COVID-19 uncertainties taught that blended strategy of learning is best suited for upskilling and reskilling of employees.

The Bank as a part of its structured learning and development journey for various roles provided training to the employees on aspects such as Role Based Certifications, Process and Product Certifications and other Soft Skills Training, among others. Apart from this, numerous workplace training programs were implemented including Utkarsh Pragati (refresher training), Utkarsh Udaan (role-change trainings), Utkarsh Saksham (capacity building certification programs and mandatory certifications).

As part of the Talent Management initiative, the Bank conducted vision execution workshop, and identified a list of competencies basis which a 360 Degree Feedback was conducted for Senior Management. For the critical role holders of the Bank, the Management has identified and mapped employees who could be probable successors in the next few years. The Bank is developing these identified talents by taking them through various development initiatives. Various tie-ups with external institutions, industry consortium bodies and learning partners enabled them to keep up with the latest developments and building their capabilities by providing requisite knowledge and skills. During the year under review, more than 14,000 employees were educated under various programs via 578 training sessions. The Bank also initiated CEO and CXO Mentoring Club wherein employees were selected through a screening process and are being groomed by engaging through meaningful projects.

The Bank has also embarked on a journey of digitising its employee's life cycle management program and processes such as joining, onboarding, issue of Employee Identity Cards, etc. have been digitalized in the last financial year.

With the growth in scope and scale of operations, the Bank has started to decentralise its HR processes, while ensuring that adequate checks and balances are maintained.

FINANCE & ACCOUNTS

The Bank's finance department is mainly focused on the preparation of financial plans, monitoring, and analysis of financial performance. The major functionality of the finance department comprises monitoring of priority sector target achievement and financial inclusion performance, besides the computation of MCLR on a monthly basis, preparation of the Business Plan and the tracking achievement on a monthly basis, along with the analysis of the KPIs (Key Performance Indicators). The team also manages the Bank's credit ratings and interacts with credit rating agencies.

The bank's accounts department is responsible for publishing financial results, substantiation and reconciliations of all Bank accounts, Regulatory reporting to RBI with respect to Accounts department and tax compliances. They are also responsible for all regulatory filings with RBI in relation to the accounts department and both direct and indirect tax compliances. The department also manages employees and vendor payment process.

COMPANY SECRETARIAL

The Company Secretarial function ensures compliance of the Companies Act, 2013 and the rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR)] and the applicable directions of the Reserve Bank of India (RBI) from time to time in conducting of meetings of the Board, its Committees, Shareholders, and the filings relating thereof with Ministry of Corporate Affairs, SEBI (LODR), Stock Exchanges and RBI; and also emphasising on the principles of corporate governance for carrying out the Business in accordance with the applicable laws.

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.

DIRECTORS' REPORT

To
The Members
Utkarsh CoreInvest Limited

Dear Shareholders

On behalf of the Board of Directors, it is our pleasure to present the 33rd Annual Report on the business and operations of Utkarsh CoreInvest Limited ('UCL' or the 'Company'), together with the Audited Financial Statements of the Company for the year ended March 31, 2023.

The Company has adopted Ind AS since April 01, 2018 and accordingly the financials have been prepared in accordance with the Indian Accounting Standard ("Ind AS"), as notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standard) Rules, 2015 and as amended from time to time.
The Company has recorded the following audited financial performance (on Standalone basis) for the year ended March 31, 2023:

(Amount in ₹ crore)

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022	Change in %
Total Income	4.21	5.26	(20%)
Profit Before Interest, Depreciation & Tax (EBITDA)	1.92	2.40	(20%)
Finance Charges	-	-	-
Depreciation	0.02	0.03	(41%)
Provision for Income Tax	0.57	0.72	(21%)
Profit / (Loss) After Tax	1.33	1.65	(20%)
Other Comprehensive Income Actuarial gain / (loss) on defined benefit obligation	0.00*	(0.00)*	238%
Total Comprehensive Income	1.33	1.65	(19%)

*Absolute amount for FY2022-23 ₹13,772 (₹13,101 for FY2021-22)

Further, the Company has recorded the following audited financial performance (on consolidated basis) for the year ended March 31, 2023:

(Amount in ₹ crore)

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022	Change in %
Total Income	2,938.19	2,094.80	40%
Profit Before Interest, Depreciation & Tax (EBITDA)	**1,830.34**	**962.98**	**90%**
Finance Charges	1,024.71	799.30	28%
Depreciation	74.23	82.55	(10%)
Provision for Income Tax	177.60	18.91	839%
Profit / (Loss) After Tax	**553.80**	**62.21**	**790%**
Other Comprehensive Income	(36.43)	(20.00)	82%
Total Comprehensive Income	**517.38**	**42.21**	**1,126%**

A. FINANCIAL DISCLOSURES

Dividend

Your Directors have not recommended any Dividend for this financial year ended March 31, 2023.

Net Worth

The Company's Net-worth as on March 31, 2023 stood at ₹843.82 crore comprising of paid-up equity capital of ₹98.42 crore and Reserves of ₹745.40 crore (excluding Revaluation Reserve, Investment Reserve and Intangible Assets) on Standalone basis. Whereas, on a Consolidated basis, the Net-worth stood at ₹1,757.01 crore comprising of paid-up equity capital of ₹98.42 crore, Reserves of ₹1,658.59 crore while excluding the non-controlling interest of ₹319.45 crore.

B. CORPORATE GOVERNANCE

The Company's Philosophy

The Company has a Corporate Governance framework that lays out various requirements of Corporate Governance as set out under various regulations and the best practices.

Constitution of the Board of Directors

The Board of Directors is constituted in accordance with the provisions of the Companies Act, 2013 (CA 2013) and the Articles of Association ('AoA') of the Company.

The Board consists of eminent persons with considerable professional expertise in Audit, Banking, Compliance, Finance, Risk, Strategy, Technology and other related fields. Their experience and professional credentials have helped the Company to gain insights for strategy formulation, monitoring control framework and direction setting for the Company, thus adding value to set a strong foundation enabling the overall growth objective of the Company.

The Board of the Company comprised of five (05) Directors consisting of two (02) Independent Directors, two (02) Nominee Directors and one (01) Managing Director & CEO as on March 31, 2023.

All the Independent Directors have given the declarations that they meet the criteria of independence, as laid down under Section 149(6) of the Companies Act, 2013. Based on the declaration of independence provided by them, all the aforesaid two (02) Independent Directors would qualify to be classified as Independent Directors under Section 149 of the Companies Act, 2013.

The Independent Directors on the Board of the Company are included in the Director's Data Bank of MCA. One of the Independent Directors, Mr. Sundararajan, is not required to pass Online Proficiency Self-Assessment Test (OPSAT) in terms of exemption from OPSAT, while Mr. Atul, Independent Director of the Company has passed the OPSAT on January 26, 2022 for Independent Director's Databank.

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 those Committees. The Board has constituted six (06) Committees. All the Board Committees have specific charter aligning with Scale Based Regulations ('SBR'): A Revised Regulatory Framework for NBFCs issued by Reserve Bank of India on October 22, 2021, applicable on the Company with effect from October 01, 2022 and these Committees monitor activities falling within their respective terms of reference.

Composition of the Committees and attendance of the Directors at the Committee Meetings and the Board Meetings held during the financial year under review have been given as **Annexure - 'A'** to this report.

Board Evaluation and Remuneration Policy

The Independent Directors of the Company carried out an Annual Performance Evaluation of the entire Board, the Chairperson and the individual Directors, as well as the evaluation of the working of its Committees.

The Board has framed a Corporate Governance Policy, which inter alia deals with remuneration structure and criteria for selection and appointment of Directors.

C. STATUTORY DISCLOSURE

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 are not applicable to the Company as the Company is not engaged in these types of activities as per the Memorandum of Association (MoA) & Articles of Association (AoA) of the Company.

Foreign Exchange Earnings / Outgo
As the Company has not carried out any activities relating to the export and import during the financial year, there are no foreign exchange expense and foreign exchange income during the financial year under review.

Changes in Directors and Key Managerial Personnel (KMP)
The details about the change in the Directors or Key Managerial Personnel by way of appointment, re-designation, resignation, death or disqualification, variation made or withdrawn, etc. are as follows:

#	Name of the Director / KMP	Designation	Date of Appointment / Re- Appointment	Date of Cessation
1.	Mr. Gaurav Malhotra*	Nominee Director	May 11, 2017	August 25, 2022
2.	Mr. G. S. Sundararajan**	Independent Director	February 22, 2023	-

*As per provision 152 of the Companies Act, 2013, Mr. Gaurav Malhotra was liable to retire by rotation during the Annual General Meeting dated August 25, 2022 of the Company, since he was the longest in the office of the Company but was eligible for re-appointment. However, he had expressed not to contest for his re-appointment as a Nominee Director on the Board of the Company.

**Mr. G. S. Sundararajan, as an Independent Director at the Board of the Company, was re-appointed in the Board of the Company on May 08, 2023 w.e.f. February 22, 2023 for a second term of five (05) consecutive years' subject to approval of the Members of the Company.

Whistle Blower Policy (Vigil Mechanism / Anti Bribery)
Pursuant to the provisions of Section 177(9) of the Companies Act, 2013 and the guidelines issued by Reserve Bank of India (RBI) and other applicable laws, the Company has established the Vigil Mechanism, as part of its Whistle Blower Policy, for the employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. Additionally, the Company places zero tolerance for any integrity issue. Towards this, all the new as well as the existing employees are trained to maintain high standards of integrity in their work area. The Company's Whistle Blower Policy thus enables the employees to escalate, including any perceived integrity issues. The policy also encourages stakeholders, other than the employees to escalate such concerns.

In the FY 2022-23, no case of bribery or whistle blower disclosures or any case of corruption have been reported to the Company.

Risk Management Policy
Pursuant to the circular on 'Review of Guidelines of Core Investment Company' as issued by Reserve Bank of India on August 13, 2020, the Risk Management Policy of the Company has been introduced and adopted post approval of the Board. Further, in terms of the circular issued by RBI on 'Scale Based Regulation', a revised framework for NBFCs, though issued on October 1, 2021 while it's applicability is effective from October 1, 2022, the Risk Management Policy of the Company has been revised, updated with the changes and adopted post approval of the Board of the Company.

There is no element of risk, which has been detected so far as a threat to the existence of the Company.

Statutory Auditors

Pursuant to Section 139 and 141 of the Companies Act, 2013, M/s. DMKH & Co., Chartered Accountants (Firm Registration Number 116886W / 066580) was appointed as the Statutory Auditor of the Company for a period of five (05) years from FY 2021-22 upto FY 2025-26.

Issue of Employee Stock Options

As part of the HR Policy for retention of employees in Utkarsh Group, the Company has Board approved ESOP policy. During FY 2022-23, as per policy, the ESOPs of the Company have also been allotted to, including the employees of the subsidiary – 'Utkarsh Small Finance Bank Limited' (USFBL). The employees of the subsidiary and of the Company were assessed and recommended by the Board Committees and the Options at the employee level were decided by the respective Boards or as delegated by the Board.

Details of ESOPs offered during the year are as below:

Particulars	March 31, 2023		March 31, 2022	
	Number of share options (in Units)	Average exercise price per share (in ₹)	Number of share options (in Units)	Average exercise price per share (in ₹)
Outstanding options at the beginning of the year	37,13,085	116.32	49,55,238	113.29
Add: Granted during the year	30,000	125.00	30,000	125.00
Add: Granted during the year with Grant effective date pertaining to FY 20-21	-	-	28,000	125.00
Add: Adjustment of previous year (negative impact)	2,32,936	103.66	-	-
Less: Lapsed/forfeited during the year	8,74,063	111.97	4,44,404	114.43
Less: Exercised during the year	1,05,091	109.89	7,41,297	101.63
Less: Adjustment of previous year	-	-	1,14,452	92.19
Outstanding options at the end of the year	29,96,867	115.67	37,13,085	116.32
Options vested and exercisable at the end of the year	18,94,256	115.04	13,19,425	114.03

Deposits

The Company is a non-deposit taking company i.e., Non-Banking Financial Company - Non-Deposit taking - Systemically Important - Core Investment Company (NBFC-ND-SI-CIC) and thus has not accepted any deposits during the FY 2022-23.

Details of Top Ten (10) employees in terms of Remuneration of the Company

The Company had only seven (07) employees during FY 2022-23, the details of which are as under:

Sl.	Name	Designation	DOJ	Qualifications	Age	Experience	Total Remuneration (₹)	Last Employment
1.	Mr. Ashwani Kumar	Managing Director & CEO	19-Mar-19	PGDRM CAIIB	41 Years	17 years +	51,11,100	USFBL
2.	Mr. Harshit Agrawal	Chief Financial Officer	02-Apr-18	CA	34 Years	11 years +	12,26,040	USFBL
3.	Mr. Neeraj Kumar Tiwari	Company Secretary	10-Nov-14	CS	33 Years	9 years +	6,60,703	-

Sl.	Name	Designation	DOJ	Qualifications	Age	Experience	Total Remuneration (₹)	Last Employment
4.	Ms. Priyanka Bisht	Manager, HR, IT & Admin	02-Apr -18	MCA	31 Years	10 years +	8,57,271	USFBL
5.	Mr. Raju Pandey	Assistant Manager, Accounts	04-Oct -18	M.Com	31 Years	10 years +	3,38,914	USFBL
6.	Mr. Vikas Kumar Singh	Assistant Manager, HR, IT & Admin	23-Sep -19	MCA	35 Years	13 years +	3,41,485	CMS IT Services Pvt. Ltd.
7.	Mr. Jai Kapoor	Senior Executive - Internal Audit	07-Feb -22	B. Com, CA Inter	36 Years	8 years +	2,72,481	ARSAN & Co., Chartered Accountants

Earned Gross Salary

Other Statutory Disclosures:

a. All related party transactions entered into FY 2022-23 were at Arm's Length basis in the ordinary course of business. There were no materially significant Related Party Transactions made by the Company with the Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large;

b. There were no significant / material orders passed by the Regulators / a Court / Tribunal, etc. during FY 2022-23, which would impact the going concern status of the Company and its future operations;

c. There were no adverse observations / qualifications in the Statutory Auditors' Report;

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

e. Proper internal financial controls were in place, and that the financial controls were adequate and were operating effectively;

f. There were no material changes and commitments, affecting the financial position of the Company, that have occurred between April 01, 2022 and the end of the Financial Year of the Company i.e. March 31, 2023.

E. OTHER DISCLOSURES

Code of Conduct

The Company has adopted a Code of Conduct for all the Directors and Key Managerial Personnel. Some of the areas which are covered by the Code of Conduct are fairness of employment practices, protection of intellectual property, integrity, customer confidentiality and conflict of interest.

Vigilance

Your Company is responsible, both to the members and to the communities in which the Company operates and aspires to be transparent in all the dealings. The Code of Conduct requires the employees not to be engaged in integrity related issues. The Code mentions that the Company maintains the highest level of professional ethics and personal integrity to avoid situations in which an individual's personal interest may conflict or appear to be in conflict with the interest of the Company.

Secretarial Auditors
Pursuant to the section 204 of the Companies Act, 2013 and relevant provisions of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. S. N. Ananthasubramanian & Co. [ICSI Unique Code: P1991MH040400] as the Secretarial Auditor for the FY 2022-23. The Secretarial Auditor has carried out the Secretarial Audit, a copy of which is enclosed as **Annexure 'B'** to this Report.

Corporate Social Responsibility (CSR)
Your Company has Board approved policy for CSR, which is drawn in line with the existing regulations. The CSR initiatives of the Company is routed through CSR Implementing Agency, i.e. Utkarsh Welfare Foundation (UWF).

Your Company has been providing for CSR contribution in line with statutory requirements (currently 2% of average of last 3 years' profit), every year as part of its CSR initiatives to UWF, for undertaking various welfare activities.

As per the above provision, the obligation towards CSR contribution amounted to ₹3.12 lakh, apropos which, the Company has paid a sum of ₹4.00 lakh (upper rounded-off) towards CSR contribution for FY2022-23.
The CSR Activities are monitored by the CSR Committee of the Board, comprised of the following members:

i. Mr. G. S. Sundararajan, Independent Director, Chairperson
ii. Mr. Aditya Deepak Parekh, Nominee Director
iii. Mr. Ashwani Kumar, Managing Director & CEO*
iv. Mr. T. K. Ramesh Ramanathan, Nominee Director^

**Mr. Ashwani Kumar, Managing Director & CEO had stepped down from the CSR Committee on April 30, 2023.*
^Mr. T. K. Ramesh Ramanathan, Nominee Director has been appointed w.e.f. April 30, 2023.

E. WEB LINK FOR ANNUAL RETURN

The Company is having its website i.e. **www.utkarshcoreinvest.com**; and the Annual Report of the Company has been published on the website at the web-link:

https://www.utkarshcoreinvest.com/index.php/InvestorRelations/annuals_reports

F. Directors' Responsibility Statement

In pursuance of Section 134(3)(c) of the Companies Act, 2013, your Directors do hereby confirm and declare that:

a. in the preparation of the annual accounts for financial year ended March 31, 2023, the applicable accounting standards have been followed and there are no material departures from the same;

b. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the FY 2022-23 and of the profit or loss of the Company for the FY 2022-23;

c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the Directors had prepared the annual accounts on a going concern basis; and

e. 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.

G. Subsidiary

Your Banking Subsidiary, i.e. Utkarsh Small Finance Bank Limited ('USFBL') has been listed at the Stock Exchanges (NSE and BSE) on July 21, 2023. Post listing of shares of the Bank, the shareholding of the Company in USFBL:

- on Non-Diluted basis was reduced to 69.28% from 84.75% prior to listing and
- on Diluted basis it was reduced to 69.10% from 84.48% prior to listing.

H. Acknowledgment

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from all the stakeholders including shareholders, bankers, regulatory bodies and other partners during the year under review.

The Directors of the Company are thankful to the customers for posing their faith in the products and services offered by the Banking Subsidiary, i.e. Utkarsh Small Finance Bank Limited and their continued patronage.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all the employees of the Company, resulting in the committed performance of the Company and its subsidiary during the year under review.

For and on behalf of the Board of Directors

G. S. Sundararajan
Chairperson
DIN - 00361030

Date: July 28, 2023
Place: Varanasi

Ashwani Kumar
Managing Director & CEO
DIN - 07030311

Date: July 28, 2023
Place: Varanasi

ANNEXURE 'A'

COMMITTEES OF BOARD OF DIRECTORS

The Board functions either as a full Board or through various Committees which oversee operational or strategic matters.

The Board has constituted various such Committees of Directors, required including as per the Companies Act, 2013, to monitor the activities falling within their respective terms of reference. The composition, dates of meetings and names of the members of these Committees as on March 31, 2023 are given below:

Sl.	Name of The Committee	Members	No. of Meetings held During the FY 23	Date of Meetings
1.	Audit Committee of Board (ACB)	1. Mr. G. S. Sundararajan, Independent Director (Chairperson) 2. Mr. Atul, Independent Director 3. Mr. Harjeet Toor, Nominee Director* 4. Mr. T. K. Ramesh Ramanathan, Nominee Director$	5	11-May-2022 18-Jul-2022 22-Sep-2022 02-Dec-2022 28-Feb-2023
2.	Corporate Social Responsibility (CSR) Committee	1. Mr. G. S. Sundararajan, Independent Director (Chairperson) 2. Mr. Aditya Deepak Parekh, Nominee Director 3. Mr. Ashwani Kumar, Managing Director**	1	11-May-2022
3.	Nomination & Remuneration Committee (NRC)	1. Mr. Atul, Independent Director (Chairperson) 2. Mr. G. S. Sundararajan, Independent Director 3. Mr. Gaurav Malhotra, Nominee Director# 4. Mr. T. K. Ramesh Ramanathan, Nominee Director$	1	18-Jul-2022
4.	Share Allotment Committee (SAC)	1. Mr. Aditya Deepak Parekh, Nominee Director 2. Mr. Harjeet Toor, Nominee Director* 3. Mr. T. K. Ramesh Ramanathan, Nominee Director$ 4. Mr. Ashwani Kumar, Managing Director & CEO	2	01-Jun-2022 12-Jul-2022
5.	Group Risk Management Committee (GRMC)	1. Mr. G. S. Sundararajan, Independent Director (Chairperson) 2. Mr. Atul, Independent Director 3. Mr. Harjeet Toor, Nominee Director* 4. Mr. T. K. Ramesh Ramanathan, Nominee Director$ 5. Mr. Aditya Deepak Parekh, Nominee Director 6. Mr. Ashwani Kumar, Managing Director & CEO	4	18-Jul-2022 22-Sep-2022 02-Dec-2022 28-Feb-2023

Sl.	Name of The Committee	Members	No. of Meetings held During the FY 23	Date of Meetings
6	Promoter Dilution Monitoring Committee (PDMC)	1. Mr. G. S. Sundararajan, Independent Director (Chairperson) 2. Mr. Aditya Deepak Parekh, Nominee Director 3. Mr. Harjeet Toor, Nominee Director* 4. Mr. Gaurav Malhotra, Nominee Director# 5. Mr. T. K. Ramesh Ramanathan, Nominee Director$ 6. Mr. Ashwani Kumar, Managing Director & CEO	1	18-Jul-2022

** Directorship held till June 23, 2022*

$ Appointed w.e.f. July 16, 2022

*** Stepped down from the CSR Committee on April 30, 2023*

 # Directorship held till August 25, 2022

Board Meetings

The Board of Directors of the Company met five (05) times during FY 2022-23. The maximum gap between any two (02) Board meetings was not more than one hundred and twenty (120) days at any point of time. The details of the Meetings conducted are as under:

Sl.	Members	Directorship	Date of Meeting	No. of Meetings
1.	Mr. G. S. Sundararajan	Chairperson, Independent Director	11-May-2022 18-Jul-2022 22-Sep-2022 02-Dec-2022 28-Feb-2023	5
2.	Mr. Atul	Independent Director		
3.	Mr. Aditya Deepak Parekh	Nominee Director		
4.	Mr. Gaurav Malhotra#	Nominee Director		
5.	Mr. Harjeet Toor*	Nominee Director		
6.	Mr. T. K. Ramesh Ramanathan$	Nominee Director		
7.	Mr. Ashwani Kumar	Managing Director & CEO		

#Directorship held till August 25, 2022

*Directorship held till June 23, 2022

$Appointed w.e.f. July 16, 2022

Attendance of the Board of Directors

The details of the attendance of Directors at the Board Meetings, Committee Meetings and Annual General Meeting held during FY 2022-23 along with the number of other Directorships and Committee Membership(s) / Chairmanship(s) held by them, is given below:

Sl.	Name of Director	DIN	Category	BOD	ACB	CSRC	NRC	SAC	GRMC	PDMC	No. of Directorship	
Number of meetings held during the Fy2023				5	5	1	1	2	4	1	**Public**	**Private**
1.	Mr. G. S. Sundararajan	00361030	Chairperson, Independent Director	5	5	1	1	-	4	1	4	-
2.	Mr. Atul	07711079	Independent Director	5	5	-	1	-	4	-	1	-
3.	Mr. Aditya Deepak Parekh	02848538	Nominee Director	2	-	-	-	1	-	-	1	11
4.	Mr. Gaurav Malhotra#	07640504	Nominee Director	2	2	-	1	-	2	-	1	3
5.	Mr. Harjeet Toor*	02678666	Nominee Director	-	-	-	-	1	-	-	-	1
6.	Mr. T. K. Ramesh Ramanathan$	09674000	Nominee Director	4	4	-	-	-			1	-
7.	Mr. Ashwani Kumar**	07030311	MD & CEO	5	-	1	-	2	4	1	1	1

#Directorship held till August 25, 2022
**Directorship held till June 23, 2022*
$Appointed w.e.f July 16, 2022
***Stepped down from the CSR Committee on April 30, 2023*

^BOD- Board of Directors
^ACB- Audit Committee of Board
^CSRC- Corporate Social Responsibility Committee
^NRC- Nomination & Remuneration Committee
^SAC- Share Allotment Committee
^GRMC- Group Risk Management Committee
^PDMC- Promoter Dilution Monitoring Committee

FORM No. MR - 3: SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

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

To,

The Members,
Utkarsh CoreInvest Limited,
CIN: U65191UP1990PLC045609
S-24/1-2, 4th Floor, Mahavir Nagar,
Orderly Bazar, Near Mahavir Mandir,
Varanasi, Uttar Pradesh - 221002

We have conducted Secretarial Audit of compliance with the applicable statutory provisions and adherence to good corporate practices by **Utkarsh CoreInvest Limited** (hereinafter called 'the Company') for the **Financial Year ended 31st March, 2023**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books and papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the **Financial Year ended 31st March, 2023** complied with statutory provisions listed hereunder and also, that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books and papers, minute books, forms and returns filed and other records maintained by the Company for the **Financial Year ended 31st March, 2023** according to the provisions 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: Not applicable as the securities of the Company are not listed on any Stock Exchange;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings: Not applicable to the extent of Overseas Direct Investment and External Commercial Borrowing during the period under review;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): Not applicable as the securities of the Company were not listed on any Stock Exchanges during the period under review;

   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;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d) The Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021;

e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

f) 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;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and

i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) The management has identified and confirmed the following laws as being specifically applicable to the Company:

a) Reserve Bank of India Act, 1934 and guidelines made thereunder;

b) Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016, and circulars issued, guidelines made thereunder;

c) Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016 and modifications thereof.

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

(i) Secretarial Standards with regard to Meeting of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

(ii) The Listing Agreements entered into by the Company with the Stock Exchanges; **Not Applicable as the Securities of the Company are not listed on any Stock Exchange during the period under review.**

During the period under review, the Company has complied with provisions of the Act, Rules, applicable Regulations, Guidelines, Standards etc. mentioned above.

We further report that:

(i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

(ii) Adequate notice is given to all Directors to schedule Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance before the meeting except where consent of directors was received for receiving notice of meetings, circulation of the agenda and notes on Agenda at a shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(iii) As recorded in the minutes, all the decisions of the Board and Committees thereof were carried through with requisite majority.

We further report that based on the representation made by the Company and on the basis of the compliances taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines, and

We further report that during the financial year ended 31st March, 2023 following major event has occurred which had a bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc.

The Articles of Association of the Company were altered, pursuant to the approval of the Shareholders by way of Special Resolution at the Extra-Ordinary General Meeting of the Company held on March 29, 2023.

This Report is to be read with our letter of even date annexed as **Annexure – A** which forms an integral part of this report.

For **S. N. ANANTHASUBRAMANIAN & Co.**
Company Secretaries
ICSI Unique Code: P1991MH040400
Peer Review Cert. No.: 606/2019

S. N. Viswanathan
Partner
ACS: 61955 | COP No.: 24335
ICSI UDIN: A061955E000503660

Date: 26th June, 2023
Place: Thane

Annexure A

To,

The Members,
Utkarsh Coreinvest Limited,
CIN: U65191UP1990PLC045609
S-24/1-2, 4th Floor, Mahavir Nagar,
Orderly bazar, New Mahavir Mandir,
Varanasi, Uttar Pradesh – 221002

Our Secretarial Audit Report for the financial year ended **31st March, 2023** of even date is to be read along with this letter.

Management's Responsibility:

1. It is the responsibility of management of the Company to maintain secretarial records, devise 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.

Auditor's Responsibility:

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

3. We have conducted the Audit as per the applicable Auditing Standards issued by the Institute of Company Secretaries of India.

4. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

5. Wherever required, we have obtained reasonable assurance whether the statements prepared, documents or Records, in relation to Secretarial Audit, maintained by the Company, are free from misstatement.

6. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer:

7. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted affairs of the Company.

8. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

For **S. N. ANANTHASUBRAMANIAN & Co.**
Company Secretaries
ICSI Unique Code: P1991MH040400
Peer Review Cert. No.: 606/2019

S. N. Viswanathan
Partner
ACS: 61955 | COP No.: 24335
ICSI UDIN: A061955E000503660

Date: 26th June, 2023
Place: Thane

INDEPENDENT AUDITOR'S REPORT

To the Members of
Utkarsh CoreInvest Limited
(Formerly known as Utkarsh Micro Finance Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Utkarsh CoreInvest Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2023, the Standalone Statement of Profit and Loss (including other comprehensive income), Standalone statement of changes in equity and Standalone statement of cash flows for the year ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and profit and total comprehensive income (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for other information. The other information comprises the information included in the management Discussion and Analysis, Board's Report Including Annexures to Board's Report, Business Responsibility Report, Corporate Governance Report, and Shareholder Information, but does not include the standalone financials statements and our auditor's report thereon.
Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Managements' Responsibilities for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 risk of material misstatement of the Standalone 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 has adequate internal financial controls systems 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 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 exits related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exits, we are required to draw attention in our auditor's report to the related disclosures in the Standalone 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the standalone 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 misstatement 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 and significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we may 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure 'A' statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, 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, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The standalone Balance Sheet, the standalone Statement of Profit and Loss including other comprehensive income, standalone Statement of changes in equity and the standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of accounts.

   d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.

   g) 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 remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. (a) The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, 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 company 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, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("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 it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, 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; and

(c) Based on such audit procedures 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 mis-statement.

v. No dividend have been declared or paid during the year by the company.

For **DMKH & CO,**
Chartered Accountants
Firm Registration Number: 116886W

CA Manish Kankani
Partner
Membership Number: 158020
UDIN: 23158020BGUSAU8116

Place: **Mumbai**
Date: **May 8, 2023**

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT

Report on the Companies (Auditor's Report) Order, 2020, issued in terms of Section 143(11) of the Companies Act, 2013 ("the Act") of Utkarsh CoreInvest Limited ("the Company"):

i. In respect of company's property, plant and equipment:

   a. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

   b. All property, plant and equipment have been physically verified by the management during the year. No material discrepancies were noticed on such verification.

   c. According to the information and explanations given by the management, there are no immovable properties held by the company, hence the said clause is not applicable to the company.

   d. No, the company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

   e. There are no proceedings initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. The Company is a Non-Banking Finance Company ("NBFC"). Accordingly, it does not hold any inventory. Hence the provisions of Clause 3(ii) of the said order is not applicable to the company.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act, except for the advance given to emplyees.

iv. The Company has not granted any loans, made investments or provided guarantees under section 185 and has complied with the provisions of Section 186(1) of the Act. The Company being a NBFC, nothing contained in Section 186 is applicable, except subsection (1) of that section.

v. The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provision of Section 73 to 76 of the Act, any other relevant provision of the Act and the relevant rules framed thereunder. Therefore, paragraph 3(v) of the Order is not applicable.

vi. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the products/services of the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.

vii. According to information and explanations given to us, in respect of statutory dues:

   a. The Company has been generally regular during the year, in depositing undisputed statutory dues, including provident fund, income-tax, employees' state insurance, goods and service tax, cess and other statutory dues applicable to it to the appropriate authorities. The provisions relating to duty of excise are not applicable to the Company.

   b. There are no dues with respect to income tax, sales tax, service tax, value added tax, GST, which have not been deposited on account of any dispute except-

Nature of payment	FY	Forum where pending	Amount involved (Rs. In Million)
Income Tax	2017-18	CIT(A)	10.39

viii. As per the examination of books there are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. Since there are no borrowing the said clause is not applicable to company.

x. The company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) or term loans during the year. Accordingly, clause 3(x) of the order is not applicable to company.

xi.

a. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the company has been noticed or reported during the year.

b. There is no reporting u/s 143(12) of the companies act, 2013 has been filed by us (the auditors) in form ADT-4 as prescribed under rule 13 of companies (Audit and Auditors) Rules,2014 with the Central Government.

c. No whistle Blower complaints has been received by the company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Therefore, paragraph 3(xii) of the Order is not applicable and hence not commented upon.

xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements as required by the applicable accounting standards.

xiv.

a. To the best of our knowledge the company has internal audit system which is commensurate with the size and nature of its business.

b. The audit report of internal auditors was considered while conducting statutory audit.

xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.

xvi. According to the information and explanations given by the management, the company is registered under section 45 –IA of the Reserve bank of India Act, 1934 and holds a certificate of registration.

xvii. As per the information and explanation given by the management, company has not incurred any cash losses in the financial year 2022-23 and the immediately preceding financial year 2022-23.

xviii. There was no resignation of any auditor, accordingly para 3(xviii) of CARO is not applicable to the company.

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report and that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

xx.

a. As per the documents and information provided by the management, the company has spent regularly in CSR activities as per the section 135 of Companies Act, 2013. There is no unspent amount of CSR at the end of the year, so transfer to unspent CSR account (Special Account) is not required.

b. As per the data provided by the management there is no ongoing project. So no CSR amount is left unspent.

xxi. Since it is standalone financial statements, the said clause is not applicable.

For **DMKH & CO.**
Chartered Accountants
FRN: 116886W

CA Manish Kankani
Partner
MRN: 158020
UDIN: 23158020BGUSAU8116

Place: Mumbai
Date: 8th May, 2023

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Utkarsh CoreInvest Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the internal financial controls over financial reporting of **UTKARSH COREINVEST LIMITED** (the "Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company 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 ("ICAI"). 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 the respective company'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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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 ICAI 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 Company's internal financial controls system over financial reporting with reference to financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 company's internal financial control over financial reporting 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 company;

(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 company are being made only in accordance with authorizations of the management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 Company has, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal financial control over financial reporting criteria established by the Company 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 **DMKH & CO.**
Chartered Accountants
FRN: 116886W

CA Manish Kankani
Partner
MRN: 158020
UDIN: 23158020BGUSAU8116

Place: Mumbai
Date: 8th May, 2023

Utkarsh CoreInvest Limited
(Formerly known as Utkarsh Micro Finance Limited)
Standalone Balance Sheet as at 31 March 2023
(All amounts are in Rupees millions unless otherwise stated)

	Notes	As at 31 March 2023	As at 31 March 2022
Assets			
Financial assets			
Cash and cash equivalents	3	0.04	2.61
Bank balance other than above	3	-	-
Other financial assets	4	425.12	404.01
Non-financial assets			
Investments in subsidiaries	5	7,897.39	7,893.12
Non - current tax assets (net)		121.78	120.13
Property, plant and equipment	7	-	0.19
Other non-financial assets	8	0.24	0.27
Total assets		**8,444.57**	**8,420.33**

Liabilities and equity

	Notes	As at 31 March 2023	As at 31 March 2022
Liabilities			
Financial liabilities			
Trade payables			
- Total outstanding due to micro and small enterprises	9	0.86	0.85
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1.88	3.31
Other financial liabilities	10	1.94	1.96
Non-financial liabilities			
Current tax liabilities (net)		-	-
Provisions	11	0.91	0.75
Other non-financial liabilities	12	0.81	0.61
Equity			
Equity share capital	13	984.21	983.30
Other equity	14	7,453.96	7,429.55
Total liabilities and equity		**8,444.57**	**8,420.33**

Summary of significant accounting policies 2

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

As per our report of even date attached.

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

Manish Kankani
Partner
Membership No: 158020

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

Ashwani Kumar
Managing Director and CEO
DIN: 07030311

G.S. Sundararajan*
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Mumbai
Date: 08 May 2023

Place: Varanasi & Chennai*
Date: 08 May 2023

Utkarsh CoreInvest Limited
(Formerly known as Utkarsh Micro Finance Limited)
Standalone Statement of Profit and Loss for the year ended 31 March 2023
(All amounts are in Rupees millions unless otherwise stated)

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Other income	15	42.12	52.55
Total income		**42.12**	**52.55**
Expenses			
Employee benefits expenses	16	14.60	13.31
Depreciation	17	0.19	0.32
Others expenses	18	8.36	15.23
Total expenses		**23.15**	**28.86**
Profit/(Loss) before tax		**18.97**	**23.69**
Tax Expense:			
Current tax	6	5.69	7.18
Tax for earlier years	6	-	-
Profit/(Loss) for the year		**13.28**	**16.51**
Other comprehensive income			
Items that will not be reclassified to profit or loss :			
• Actuarial gain/(loss) on defined benefit obligation*		0.01	(0.01)
• Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss		-	-
Total		**0.01**	**(0.01)**
Total Comprehensive Income for the year		**13.29**	**16.50**

**Absolute amount for 31 March 2023: INR 13,772 (31 March 2022: INR 13,101)*

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Earnings per equity share			
Basic earnings per share of INR 10 each	29	0.14	0.17
Diluted earnings per share of INR 10 each	29	0.13	0.17

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

As per our report of even date attached.

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

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

Ashwani Kumar
Managing Director and CEO
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Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Mumbai
Date: 08 May 2023

Place: Varanasi & Chennai*
Date: 08 May 2023

Utkarsh CoreInvest Limited
(Formerly known as Utkarsh Micro Finance Limited)
Cash flow statement for the year ending 31 March 2023
(All amounts are in Rupees millions unless otherwise stated)

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
A. CASH FLOW FROM OPERATING ACTIVITES			
Net Profit/(loss) before Tax		**18.96**	**23.69**
Adjustments for:			
Depreciation and amortisation		0.19	0.32
Interest income		(29.21)	(25.55)
Operating (Loss)/profit before Working Capital Changes		**(10.06)**	**(1.54)**
Adjustments for:			
Decrease in other financial assets		(23.65)	11.50
Decrease in other non financial asset		0.03	(0.06)
Increase/(Decrease) in trade payables		(1.42)	0.17
Increase/(Decrease) in other financial liability		(0.02)	0.74
(Decrease)/Increase in other non financial liability		0.20	0.26
Increase/(Decrease) in provision		0.17	0.14
Cash Flow before taxation		**(24.69)**	**12.75**
Income Tax (paid)/ refund - Net		(7.33)	(7.56)
Net cash flow from operating activities		**(42.08)**	**3.65**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Investments in subsidiaries		0.00	0.50
Interest income		50.84	13.81
Fixed deposits with maturity of more than three months		(21.62)	(93.60)
Net cash used in Investing Activities		**29.22**	**(79.29)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Issue of Equity Shares including Securities premium		10.29	42.92
Net cash flow from Financing Activities		**10.29**	**42.92**
Net (Decrease)/Increase in Cash and Cash Equivalent Flow (A+B+C)		(2.57)	(32.72)
Opening Cash and Cash Equivalent	3	2.61	35.33
Closing Cash and Cash Equivalent	3	0.04	2.61

Summary of significant accounting policies 2

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

As per our report of even date attached.

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

Manish Kankani
Partner
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for and on behalf of Board of Directors of
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FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Mumbai
Date: 08 May 2023

Place: Varanasi & Chennai*
Date: 08 May 2023

Utkarsh CoreInvest Limited
(Formerly known as Utkarsh Micro Finance Limited)
Standalone statement of changes in equity Balance as at 31 March 2023
(Amount in millions unless otherwise stated)

A. Equity Share Capital

	Balance as at 1 April 2021	Changes during the year	Balance as at 31 March 2022	Changes during the year	Balance as at 31 March 2023
Paid up share capital	976.46	6.84	983.30	0.91	984.21
	976.46	**6.84**	**983.30**	**0.91**	**984.21**

B. Other Equity

	Reserve and Surplus									Other Comprehensive Income		
	Share application money pending allotment	Equity component of financial instruments	Statutory reserve	Other Equity - Fair valuation changes	Capital redemption reserve	Securities premium	ESOP Reserve	Treasury shares	Retained earnings	Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss	Actuarial gain / loss on post employment defined benefit plan	Total
Balance as at 1 April 2021	**33.69**	**(109.01)**	**208.73**	**4,121.67**	**90.00**	**6,370.86**	**140.52**	**(3.16)**	**(3,364.06)**	**(160.62)**	**(0.12)**	**7,328.51**
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	16.51	-	(0.01)	16.50
Share options exercised	-	-	-	-	-	95.27	(26.22)	0.71	-	-	-	69.77
Transfer to / from retained earnings	-	-	3.62	-	-	-	(6.73)	-	3.11	-	-	-
Equity settled share based plan	-	-	-	-	-	-	48.46	-	-	-	-	48.46
Share Issued	(33.69)	-	-	-	-	-	-		-	-	-	(33.69)
Share application money received	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	-	**(109.01)**	**212.35**	**4,121.67**	**90.00**	**6,466.13**	**156.05**	**(2.46)**	**(3,344.43)**	**(160.62)**	**(0.14)**	**7,429.55**
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	13.28	-	0.01	13.29
Share options exercised	-	-	-	-	-	13.39	(4.02)	0.01	-	-	-	9.38
Transfer to / from retained earnings	-	-	2.93	-	-	-	(11.00)	-	8.07	-	-	-
Equity settled share based plan	-	-	-	-	-	-	1.74	-	-	-	-	1.74
Share Issued	-	-	-	-	-	-	-		-	-	-	-
Share application money received	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	-	**(109.01)**	**215.28**	**4,121.67**	**90.00**	**6,479.52**	**142.77**	**(2.45)**	**(3,323.07)**	**(160.62)**	**(0.13)**	**7,453.96**

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

As per our report of even date attached

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

Manish Kankani
Partner
Membership No: 158020

Place: Mumbai
Date: 08 May 2023

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

Ashwani Kumar
Managing Director and CEO
DIN: 07030311

G.S. Sundararajan*
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi & Chennai*
Date: 08 May 2023

Utkarsh CoreInvest Limited
(Formerly known as Utkarsh Micro Finance Limited)
Notes to standalone financial statements as at 31 March 2023
(Amount in millions unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
3 Cash and Bank Balances		
Cash and cash equivalents		
Balances with Banks		
- On current accounts	0.04	1.51
In Bank deposits (with original maturity of period of 3 months or less)	-	1.10
Total (A)	**0.04**	**2.61**
Bank balance other than above		
In Bank deposits (due to maturity within 12 months)	-	-
Total (B)	-	-
Grand Total (A) + (B)	**0.04**	**2.61**

Information about the Company's exposure to credit risk is included in Note 31

	As at 31 March 2023	As at 31 March 2022
4 Other financial assets		
Receivable from Utkarsh Small Finance Bank Limited	1.38	5.85
Bank deposit (due to mature after 12 months from the reporting date)	423.73	398.15
Other recoverables	0.01	0.01
Total	**425.12**	**404.01**

Information about the Company's exposure to credit risk is included in Note 31

	As at 31 March 2023	As at 31 March 2022
5 Investments in subsidiaries		
Investment in -		
- 759,272,222 (31 March 2022: 759,272,222) Equity shares of Utkarsh Small Finance Bank Limited	7,897.39	7,893.12
	7,897.39	**7,893.12**

(Amount in millions unless otherwise stated)

6 Income tax

A. Amounts recognised in profit or loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax expense	5.69	7.18
Tax expense	**5.69**	**7.18**

B. Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
	%	Amount	%	Amount
Profit before tax		18.97		23.69
Tax using the Company's domestic tax rate	25.17%	4.77	25.17%	5.96
Effect of:				
Permanent differences	0.54%	0.10	0.53%	0.13
Tax for earlier years	0.00%	-	0.00%	-
Tax exempt income	0.00%	-	0.00%	-
Change in unrecognised temporary differences	2.86%	0.54	2.94%	0.70
Others	2.71%	0.52	1.74%	0.41
Effective tax rate/tax expense	**31.28%**	**5.92**	**30.38%**	**7.19**

C. Uncertain tax positions

Claims against the company not acknowledged as debts in respect of Income Tax is INR 124.69 (31 March 2022: INR 124.69).

D. Unrecognised deferred tax balances

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

Particulars	As at 31 March 2023	As at 31 March 2022
Deductible temporary differences	1.72	1.27
Deferred tax on account of indexation on equity shares of investment in subsidiary	501.81	390.84
Total	**503.53**	**392.11**

Utkarsh CoreInvest Limited
(Formerly known as Utkarsh Micro Finance Limited)
Notes to standalone financial statements as at 31 March 2023
(Amount in millions unless otherwise stated)

7 Property, Plant and Equipment

	Gross value				Depreciation				Net value
Particulars	Balance as at 31 March 2022	Additions	Disposals	As at 31 March 2023	Balance as at 31 March 2022	For the year	Disposals	As at 31 March 2023	As at 31 March 2023
Owned Assets									
Vehicles	1.96	-	-	1.96	1.81	0.15	-	1.96	0.00
Computers	0.10	-	-	0.10	0.06	0.04	-	0.10	(0.00)
Total	**2.06**	-	-	**2.06**	**1.87**	**0.19**	-	**2.06**	-

	Gross value				Depreciation				Net value
Particulars	Balance as at 1 April 2021	Additions	Disposals	Balance as at 31 March 2022	Balance as at 1 April 2021	For the year	Disposals	Balance as at 31 March 2022	Balance as at 31 March 2022
Owned Assets									
Vehicles	1.96	-	-	1.96	1.52	0.29	-	1.81	0.15
Computers	0.10	-	-	0.10	0.03	0.03	-	0.06	0.04
Total	**2.06**	-	-	**2.06**	**1.55**	**0.32**	-	**1.87**	**0.19**

Utkarsh CoreInvest Limited
(Formerly known as Utkarsh Micro Finance Limited)
Notes to standalone financial statements as at 31 March 2023
(Amount in millions unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
8 Other non-financial assets		
Staff advances*	0.06	-
Pre-paid expenses	0.18	0.27
Total	**0.24**	**0.27**
*The Company has not taken impact of IND AS-109 for Advance to staff as the amount is not material and would not be have significant impact on the financial statements.		
9 Trade payables		
Total outstanding due to micro and small enterprises (Refer Note 21)	0.86	0.85
Total outstanding dues of creditors other than micro enterprises and small enterprises	1.88	3.31
	2.74	**4.16**

As on 31 March 2023:

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(I) MSME	0.85	-	0.01	-	-	-	0.86
(ii) Others	1.82	-	0.06	-	-	-	1.88
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
Total	**2.67**	**-**	**0.07**	**-**	**-**	**-**	**2.74**

As on 31 March 2022:

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(I) MSME	0.85	-	-	-	-	-	0.85
(ii) Others	3.04	-	0.28	-	-	-	3.31
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
Tota	**3.88**	**-**	**0.28**	**-**	**-**	**-**	**4.16**

	As at 31 March 2023	As at 31 March 2022
10 Other financial liabilities		
Employee benefits payable	1.94	1.96
	1.94	**1.96**

	As at 31 March 2023	As at 31 March 2022
11 Provisions		
Provision for employee benefits		
Provision for gratuity	0.15	0.17
Provision for leave benefits	0.76	0.58
Total	**0.91**	**0.75**
12 Other non-financial liabilities		
Statutory dues payable		
TDS payable	0.53	0.41
GST payable	0.20	0.13
PF payable	0.08	0.07
	0.81	**0.61**

Utkarsh CoreInvest Limited
(Formerly known as Utkarsh Micro Finance Limited)
Notes to standalone financial statements as at 31 March 2023
(Amount in millions unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
13 Share capital		
Authorised		
Equity shares		
100,000,000 (31 March 2022: 100,000,000) Equity shares of INR 10 each	1,000.00	1,000.00
Issued, subscribed and paid-up		
Equity shares		
9,84,20,960 (Previous year 9,83,29,666) equity shares of Rs. 10 each, fully paid up	984.21	983.30
	984.21	**983.30**

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

Particulars	31 March 2023		31 March 2022	
	Number of shares (in units)	Amount	Number of shares (in units)	Amount
Outstanding as at the beginning of the year	9,83,29,666	983.30	9,76,45,891	976.46
Issued during the year	91,294	0.91	6,83,775	6.84
Outstanding at the end of the year	**9,84,20,960**	**984.21**	**9,83,29,666**	**983.30**

(b) Rights, preferences and restrictions attached to equity shares

The Company has single class equity shares having a par value of INR 10 per equity share. They entitle the holders to participate in the dividends in proportion to the number of shares held.

However, as per the Shareholders Agreement, in the event of liquidation, the net proceeds shall be distributed in the following manner:

- First preference shall be given to the Investors (ABF, AGIMDC II, AVMS, CDC, FCIEF II, FCIEF III, HDFC Ergo, HDFC Life, HDFC Ltd., Hero, ICICI Pru, IFC, JIF, Lok CGF, NMI, rAPM, RBL, Sarva Capital, SFRE-SICAV-SIF, Shriram and SIDBI), shareholders which have been allotted equity shares pursuant to ESOP plan 2010 and other shareholders (other than the shareholders which have been allotted equity shares pursuant to grant of employee stock option of the Company excluding ESOP Plan 2010).
- Second preference shall be with shareholders which have been allotted equity shares pursuant to grant of employee stock options of the Company (excluding ESOP Plan 2010) and sponsors of the Company.
- Remaining shareholders shall have third preference over the residual assets of the Company at the time of liquidation.

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

Equity shares	As at 31 March 2023		As at 31 March 2022	
Name of the shareholder	Number of shares (in units)	Amount	Number of shares (in units)	Amount
NMI Frontier Fund KS, Norway	77,02,602	7.83%	77,02,602	7.83%
British International Investment PLC (Formerly known as CDC Group PLC)	1,37,26,978	13.95%	1,37,26,978	13.96%
Faering Capital India Evolving FUND II	76,60,082	7.78%	76,60,082	7.79%
RBL Bank Limited	97,02,950	9.86%	97,02,950	9.87%
	3,87,92,612	**39.41%**	**3,87,92,612**	**39.45%**

(d) Shares reserved for issue under options - Refer Note 25 for details of shares to be issued under employee stock option plan.

(e) Pursuant to Shareholder Agreement dated September 27, 2016 (post receipt of RBI's in-principle approval for issue of SFB licence) and subsequent amendments thereto, Mr. Govind Singh was to be issued upto three percent (3%) of the paid up share capital of the promoter company either by the promoter company or by the SFB entity on a fully diluted basis within a period of Seven (7) years from the date of commencement of banking operations i.e. upto January 22, 2024.commencement of banking operations i.e. upto January 22, 2024.

Subject to RBI approval, the Board of Directors of the Bank has, vide the resolution passed at its meeting held on January 14, 2020, read along with resolution passed by it on July 20, 2020, approved the grant of options equivalent to 0.60% of the paid up share capital of the Bank as of March 31, 2020 constituting 4,555,633 Equity Shares to Mr. Govind Singh, Managing Director and Chief Executive Officer of the Bank under the MD & CEO ESOP Plan. However, In response to the Bank's letter dated January 21, 2021 in the matter seeking RBI approval, Department of Regulation, RBI Central Office vide its reply letter dated June 9, 2021 has stated that the said remuneration proposal does not have RBI approval.

(Amount in millions unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
14 Other equity		
Capital redemption reserve		
Balance as at the beginning of the year	90.00	90.00
Add: Transfer from surplus in Statement of Profit and Loss	-	-
Balance as at the end of the year	**90.00**	**90.00**
Securities premium		
Balance as at the beginning of the year	6,466.14	6,370.87
Add: Transfer from stock option outstanding	13.39	95.27
Balance as at the end of the year	**6,479.53**	**6,466.14**
Employees stock options outstanding		
Balance as at the beginning of the year	156.05	140.52
Add: Compensation for options granted	1.74	48.46
Less: Transfer to Retained Earnings	(11.00)	(6.73)
Exercise of stock options	(4.02)	(26.22)
Balance as at the end of the year	**142.77**	**156.05**
Equity component of financial instruments		
Balance as at the beginning of the year	(109.01)	(109.01)
Balance as at the end of the year	**(109.01)**	**(109.01)**
Remeasurement of defined benefit plans		
Balance as at the beginning of the year	(0.14)	(0.13)
Other comprehensive income	0.01	(0.01)
Balance as at the end of the year	**(0.13)**	**(0.14)**
Statutory reserve		
Balance as at the beginning of the year	212.35	208.73
Add: Transferred from surplus	2.93	3.62
Balance as at the end of the year	**215.28**	**212.35**
Other Equity - Fair valuation changes		
Balance as at the beginning of the year	4,121.67	4,121.67
Add: Fair valuation of equity share capital	-	-
Less: Loss on extinguishment	-	-
Balance as at the end of the year	**4,121.67**	**4,121.67**
Retained earnings		
Balance as at the beginning of the year	(3,344.43)	(3,364.06)
Add: Profit/(loss) for the year	13.28	16.51
Add: Amount transferred to statutory reserve (created under Section 45-1C of RBI Act, 1934)	8.07	3.11
Add: ESOP Reserve Adjustment	-	-
Balance as at the end of the year	**(3,323.07)**	**(3,344.43)**

	As at 31 March 2023	As at 31 March 2022
Share Application money pending allotment		
Balance as at the beginning of the year	-	33.69
Shares issued during the year	-	(33.69)
Share application money received during the year	-	-
	-	-
Treasury shares		
Balance as at the beginning of the year	(2.46)	(3.17)
Treasury shares exercised during the year	0.01	0.71
Balance as at the end of the year	**(2.45)**	**(2.46)**
Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss		
Balance as at the beginning of the year	(160.62)	(160.62)
Total Comprehensive Income for the year	-	-
	(160.62)	**(160.62)**
Total	**7,453.96**	**7,429.55**

Nature and purpose of other reserve :

Capital Redemption Reserve

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

Securities premium

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

ESOP Reserve

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

Equity component of financial instruments

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

Remeasurement of defined benefit plans

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

(a) actuarial gains and losses

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

Statutory reserve

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

Other Equity - Fair valuation changes

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

Retained Earnings

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

Share Application money pending allotment

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

Treasury shares

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

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

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

(Amount in millions unless otherwise stated)

	For the year ended 31 March 2023	For the year ended 31 March 2022
15 Other Income		
Interest on financial assets at amortised cost	29.21	25.55
Recovery from written off portfolio	11.48	26.83
Miscellaneous income	1.43	0.17
Total	**42.12**	**52.55**
16 Employee benefit expenses		
Salaries and bonus	11.51	10.52
Contribution to provident and other funds	0.85	0.40
Share based payment to employees	2.03	2.07
Staff welfare expenses	0.21	0.32
Total	**14.60**	**13.31**
17 Depreciation		
Depreciation of property, plant and equipment	0.19	0.32
Total	**0.19**	**0.32**
18 Other expenses		
Repairs and maintenance	0.01	0.00
Contribution towards Corporate Social Responsibilities	0.40	0.50
Legal and professional charges	3.23	8.41
Director sitting fees	2.80	3.12
Communication expenses	0.07	0.08
Miscellaneous expenses #	0.82	2.15
Lease rent *	1.03	0.97
Total	**8.36**	**15.23**
* Represents lease rentals for short term leases in the current year # Includes INR 1,58,869/- (31 March 2022 Nil) for director travel		
19 Details of corporate social responsibility expenditure		
Average net profit of the Company for last three financial years	15.57	(672.37)
Gross amount required to be spent by the company during the year	Nil	Nil
Corporate Social Responsibility expenses for the period	0.40	0.50
Various Head of expenses included in above:		
Other expenses (Contribution towards Corporate Social Responsibilities)	0.40	0.50
Amount spent during the year on:		
(i) Construction/acquisition of any asset		
(ii) On purposes other than (i) above	0.40	0.50

	For the year ended 31 March 2023	For the year ended 31 March 2022
Details of related party transactions	0.40	0.50
Provision for CSR Expenses		
Opening Balance	-	-
Add: Provision created during the period	0.40	0.50
Less: Provision utilised during the period	0.40	0.50
Closing Balance	-	-
The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	Nil	Nil
The total of previous years' shortfall amounts	Nil	Nil
The total of previous years' shortfall amounts	-	-
The nature of CSR activities undertaken by the Company	Contribution made towards CSR activities	Contribution towards Corpus Pool Fund
As per Section 135 of the Companies Act 2013, the Company has formed a CSR Committee of the Board of Directors. The CSR Committee has also approved a CSR Policy where certain focus areas out of list of activities covered in Schedule VII of the Companies Act 2013, has been identified.		
20 Auditors remuneration (Included in legal and professional charges, excluding taxes)		
Payments to auditor (excluding tax)		
- Statutory auditor	0.60	0.60
- Other services	-	0.21
- Reimbursement of expenses	-	-
Total	**0.60**	**0.81**

(Amount in millions unless otherwise stated)

21 Amounts payable to Micro and Small enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2023 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	As at 31 March 2023	As at 31 March 2022
Principal amount remaining unpaid to any supplier as at the end of the year.	0.86	0.85
Interest due thereon remaining outstanding as at the end of the year.	Nil	Nil
The amount of interest paid by the buyer as per Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
The amount of the payments made to micro and small suppliers beyond the appointed date during each accounting year.	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the accounting year.	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

22 A. Contingent liabilities

Claims against the company not acknowledged as debts in respect of Income Tax is INR 124.69 (31 March 2022: INR 124.69).

B. Commitments

There are no commitments as at 31 March 2023 and 31 March 2022.

C. Contingent assets

There are no contingent assets as at 31 March 2023 and 31 March 2022.

23 Details of pending litigations

	As at 31 March 2023	As at 31 March 2022
Proceedings by Company against theft	2.51	2.51

An amount of INR 0.14 (31 March 2022: 0.14) has been recovered in earlier years and INR 2.37 (31 March 2022 : 2.37) is yet to be recovered. The total unrecovered amount is written off in the previous years.

(Amount in millions unless otherwise stated)

24 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	As at 31 March 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(I) Assets						
A Financial assets						
Cash and cash equivalents	0.04	-	0.04	2.61	-	2.61
Bank balance other than above	-	-	-	-	-	-
Other financial assets	1.39	423.73	425.12	5.86	398.15	404.01
Total financial assets	**1.43**	**423.73**	**425.16**	**8.47**	**398.15**	**406.62**
B Non-financial assets						
Investment in subsidiary	-	7,897.39	7,897.39	-	7,893.12	7,893.12
Non - current tax assets (net)	-	121.78	121.78	-	120.13	120.13
Property, plant and equipment	-	-	-	-	0.19	0.19
Other non-financial assets	0.24	-	0.24	0.27	-	0.27
Total non-financial assets	**0.24**	**8,019.17**	**8,019.41**	**0.27**	**8,013.44**	**8,013.71**
Total Assets	**1.67**	**8,442.90**	**8,444.57**	**8.74**	**8,411.59**	**8,420.33**
(II) Liabilities						
A Financial liabilities						
Other financial liabilities	1.94	-	1.94	1.96	-	1.96
B Non-financial liabilities						
Provisions	0.91	-	0.91	0.75	-	0.75
Other non-financial liabilities	0.81	-	0.81	0.61	-	0.61
Total financial liabilities	**3.66**	**-**	**3.66**	**3.32**	**-**	**3.32**
Total Liabilities	**3.66**	**-**	**3.66**	**3.32**	**-**	**3.32**
Net	**(1.99)**	**8,442.90**	**8,440.91**	**5.42**	**8,411.59**	**8,417.01**

25 Segment reporting

The Board of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, "Operating Segments." The Company's operating segments are established in the manner consistent with the components of the Company that are evaluated regularly by the Chief Operating Decision Maker as defined in 'Ind AS 108 - Operating Segments.' As the Company is not having any commercial operations, hence there are no separate reportable segments as per Ind AS 108.

Information about products and services:

The Company does not have any commercial operations. Hence, the said disclosure is not applicable.

Information about geographical areas:
The Company does not have any commercial operations. Hence, the said disclosure is not applicable.

Information about major customers (from external customers):
The Company does not have any commercial operations. Hence, the said disclosure is not applicable.

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(Amount in millions unless otherwise stated)

26 Employee benefits

The Company operates the following post-employment plans -

i. Defined Benefit plan

Gratuity

Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with the payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2023. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	31 March 2023	31 March 2022
Net defined benefit liability	**0.16**	**0.17**

A. Funding

The scheme is fully funded with Life Insurance Corporation of India (LIC). The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in Section D below. Employees do not contribute to the plan.

Expected contributions to gratuity plan for the year ending 31 March 2023 is INR 0.29

B. Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	As at 31 March 2023			As at 31 March 2022		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance at the beginning of the year	1.19	1.02	0.17	0.96	0.82	0.13
Included in profit or loss						
Current service cost	0.17	-	0.17	0.16	-	0.16
Past Service cost	-	-	-	-	-	-
Interest cost (income)	0.07	0.06	0.01	0.05	0.04	0.01
Total (A)	**0.24**	**0.06**	**0.18**	**0.21**	**0.04**	**0.17**
Included in Other comprehensive income						
Remeasurements loss (gain)						
- Actuarial loss (gain) arising from:						
- demographic assumptions	-	-	-	-	-	-
- financial assumptions	(0.17)	-	(0.17)	(0.09)	-	(0.09)
- experience adjustment	0.16	-	0.16	0.12	-	0.12
- Return on plan assets excluding interest income	-	-	-	-	0.01	(0.01)
Total (B)	**(0.01)**	**-**	**(0.01)**	**0.02**	**0.01**	**0.02**
Other						
Contributions paid by the employer	-	0.18	(0.18)	-	0.15	(0.15)
Total (C)	**-**	**0.18**	**(0.18)**	**-**	**0.15**	**(0.15)**
Balance at the end of the year	1.42	1.26	0.16	1.19	1.02	0.17

C. **Plan assets**

	31 March 2023	31 March 2022
Insurer managed funds	100%	100%

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

D. **Actuarial assumptions**

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	31 March 2023	31 March 2022
Discount rate	7.25%	5.75%
Future salary growth	7.00% for the first 2 years, and 9.00% thereafter	7% for first two years and 9% thereafter
Withdrawal rate:		
All ages	12% - 31.90%	12% - 31.90%
Retirement Age (in year)	60	60
Mortality	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

Discount rate: The rate used to discount post-employment benefit obligations is determined by reference to market yields at the balance sheet date on government bonds. The currency and term of the government bonds is consistent with the currency and estimated term of the post-employment benefit obligations.

Salary escalation rate: Salary increase takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

E. **Sensitivity analysis of significant assumptions**

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	31 March 2023		31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(0.09)	0.10	(0.08)	0.09
Salary growth rate (1% movement)	0.07	(0.07)	0.07	(0.07)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

F. **Expected maturity analysis of the defined benefit plans in future years**

	31 March 2023	31 March 2022
0 to 1 Year	0.21	0.15
1 to 5 Year	0.69	0.50
5 Year onwards	1.66	1.34
Total	**2.56**	**1.99**

As at 31 March 2023, the weighted-average duration of the defined benefit obligation was 6 years (31 March 2022: 7 years)

G. **Description of risk exposures**

Investment risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Interest risk (discount rate risk)

Interest Rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Mortality risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For the current year, we have used Indian Assured Lives Mortality (2012-14) ultimate table and in the previous year, Indian Assured Lives Mortality (2006-08) had been used.

A change in mortality rate will have a bearing on the plan's liability.

Salary risk

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

ii. Defined contribution plan

The Company makes monthly contribution towards Provident Fund which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as expense towards such contribution are as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
Provident fund	0.46	0.42

iii. Other long-term benefits

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Amount recognised in the Statement of Profit and Loss for compensated absences is as under-

	Year ended 31 March 2023	Year ended 31 March 2022
Amount recognised in Statement of Profit and Loss		
Provision for leave encashment and gratuity	0.37	0.29

(Amount in millions unless otherwise stated)

27 Employee stock options

A. Description of share-based payment arrangements

The Company has formulated an Employees Stock Option Scheme to be administered through a Trust. The Scheme is applicable to all the eligible employees of the Company and its subsidiary Companies ('Group'). The scheme provides that subject to continued employment with the company, the employees are granted an option to acquire equity shares of the Company that may be exercised within a specified period.

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

The trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the compensation committee. The Trust in turn allots the shares to employees on exercise of their right against cash. The compensation costs of stock options granted to employees are accounted by the Company using fair value method.

The Trust does not have any transactions/activities other than those mentioned above, hence it is treated as a part of the Company and gets consolidated with the standalone books of the Company.

The Company granted 30,000 (31 March 2022 58,000) options to the employees of the Company.

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

The said ESOP scheme is an equity settled scheme as the same would lead to a settlement in its own equity instruments.

These options shall vest on graded basis as follows:

Time period	Percentage	Vesting condition
On completion of 1 year	25%	Service
On completion of 2 years	25%	Service
On completion of 3 years	25%	Service
On completion of 4 years	25%	Service

B. Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan

	31 March 2023		31 March 2022	
	Number of share options (in Units)	Average exercise price per share	Number of share options (in Units)	Average exercise price per share
Outstanding options at the beginning of the year	37,13,085	116.32	49,55,238	113.29
Add: Granted during the year	30,000	125.00	30,000	125.00
Add: Granted during the year with Grant effective date pertaining to FY 20-21	-	-	28,000	125.00
Add: Adjustment of previous year (negative impact)	2,32,936	103.66	-	-
Less: Lapsed/forfeited during the year	8,74,063	111.97	4,44,404	114.43
Less: Exercised during the year	1,05,091	109.89	7,41,297	101.63
Less: Adjustment of previous year	-	-	1,14,452	92.19
Outstanding options at the end of the year	**29,96,867**	**115.67**	**37,13,085**	**116.32**
Options vested and exercisable at the end of the year	18,94,256	115.04	13,19,425	114.03

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2023 was 109.89 (31 March 2022 INR 101.63).

C. Share options outstanding at the end of the year have the following contractual expiry date and exercise options

Grant date	Expiry date	Exercise price	No of options outstanding	
			As at 31 March 2023	As at 31 March 2022
1 April 2014	1 April 2016 - 1 April 2019	21.60	-	-
1 April 2015	1 April 2017 - 1 April 2020	21.60	-	-
1 April 2016	1 April 2018 - 1 April 2021	21.60	-	-
1 April 2017	1 April 2019 - 1 April 2022	109.36	1,04,744	1,28,616
1 April 2018	1 April 2020 - 1 April 2023	109.36	5,04,988	5,83,580
1 April 2019	1 April 2021 - 1 April 2024	109.36	5,250	10,500
1 June 2019	1 June 2021 - 1 June 2024	109.36	9,33,967	13,38,031
9 Dec 2019	9 Dec 2021 - 9 Dec 2024	125.00	45,000	50,000
1 Oct 2020	1 Oct 2022 - 1 Oct 2025	125.00	13,42,918	15,72,358
1 April 2021	1 April 2023 - 1 April 2026	125.00	30,000	30,000
1 April 2022	1 April 2024 - 1 April 2027	125.00	30,000	-

Weighted average remaining contractual life of options outstanding at the end of the year	2.55 years	4.43 years

D. Measurement of Fair values

The fair value of employee share options has been measured using Black-Scholes model. The weighted average fair value of each option on the grant date ranged between INR 9.54 - 88.30

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Grant date	Expiry date	Historical volatility	Exercise price	Share price	Risk free rate	Fair value
1 April 2014	1 April 2016 - 1 April 2019	33.83%	21.6	28.72	8.81%	11.57 - 16.12
1 April 2015	1 April 2017 - 1 April 2020	43.09%	21.6	45.51	7.74%	27.54 - 32.21
1 April 2016	1 April 2018 - 1 April 2021	52.41%	21.6	71.4	7.46%	53.15 - 57.95
1 April 2017	1 April 2019 - 1 April 2022	30.91%	109.36	82.19	6.68%	9.54 - 23.70
1 April 2018	1 April 2020 - 1 April 2023	29.51%	109.36	107.19	7.40%	23.88 - 42.55
1 June 2019	1 June 2021 - 1 June 2024	19.60%	109.36	132.13	7.03%	49.31 - 67.99
1 Oct 2020	1 Oct 2022 - 1 Oct 2025	47.00%	125.00	131.59	5.55%	50.10 - 65.77
1 April 2021	1 April 2023 - 1 April 2026	49.30%	125.00	142.50	5.80%	53.60 - 77.00
1 April 2022	1 April 2024 - 1 April 2027	49.10%	125.00	155.20	5.20%	60.00 - 88.30

The dividend yield has been taken as 0% in all the fair value calculations as Company has never distributed dividend in the past and does not intend to distribute its earnings in the foreseeable future.

E. Expense recognised in statement of profit and loss

For details on the employee benefits expense, refer Note 26

As the scheme is applicable to all the employees of the group, the Company has made a cross charge to Utkarsh Small Finance Bank for the ESOP expense incurred by the Company on behalf of Utkarsh Small Finance Bank.

(Amount in millions unless otherwise stated)

28. Related party disclosure

i. Name of the related party and nature of relationship:-

A.	Name of the Related Party	Nature of Relationship
a.	**Key managerial personnel**	
i	Mr. Ashwani Kumar	Managing Director & CEO (w.e.f. 19 March 2019)
ii	Mr. G.S. Sundararajan	Independent Director
iii	Mr. Gaurav Malhotra	Nominee Director (ceased to be director w.e.f. 25 August 2022)
iv	Mr. Atul	Independent Director
v	Mr. T. K. Ramesh Ramanathan	Nominee Director (w.e.f. 16 July 2022)
vi	Mr. Harjeet Toor	Nominee Director (ceased to be director w.e.f. 23 June 2022)
vii	Mr. Aditya Deepak Parekh	Nominee Director
b.	**Subsidiaries**	
		Utkarsh Small Finance Bank Limited
c.	**Company in which Director / KMP / their Relatives are Members**	
		Utkarsh Welfare Foundation (until 24 February 2022)

B. Related party transactions during the year and balance receivable from and payable to related parties as at the balance sheet date:

Name of related party	Nature of transaction	Year ended 31 March 2023	Year ended 31 March 2022
Utkarsh Welfare Foundation	(i) Contribution towards CSR activities	0.40	0.50
Utkarsh Small Finance Bank Limited (SFB)	(i) Transactions (collection and payment) carried out on behalf of Bank, net	-	-
	(ii) ESOP cost cross charge	(4.57)	7.90
	(iii) Fixed deposits placed during the year	453.10	196.40
	(iv) Fixed deposits matured during the year	407.00	102.80
	(v) Interest received	29.21	25.55
	(vi) Service charge on collection	0.14	0.32
	(vii) Right Issue subscribed	-	-
	(viii) Rent Paid	1.03	0.97
	(ix) Deemed Investment in USFB (Basis IND AS Fair valuation)	4.27	38.50
Key Managerial Personnel	(i) Purchase of Securities	-	0.07

C. Compensation of key managerial personnel	Year ended 31 March 2023	Year ended 31 March 2022
Short-term employee benefits		
Ashwani Kumar	5.92	4.84
GS Sundararajan	1.06	0.85
Post-employment defined benefit plan		
Ashwani Kumar	0.84	0.71
Other long term benefits		
Ashwani Kumar	0.97	0.86

	Year ended 31 March 2023	Year ended 31 March 2022
Share-based payments		
Ashwani Kumar	0.53	0.38
Sitting fees		
GS Sundararajan	0.90	0.74
Atul	0.83	0.67
	11.05	**9.08**

Terms and conditions

All transactions with these related parties are priced on an arm's length basis and at normal commercial terms.

D. Receivables as at balance sheet date:

Name of related party	Year ended 31 March 2023	Year ended 31 March 2022
Utkarsh Small Finance Bank Ltd. - Investment in FDR	419.90	373.80
Utkarsh Small Finance Bank Ltd. - Current Account	0.01	1.39
Utkarsh Small Finance Bank Ltd. - Other receivables	1.38	5.85

(Amount in millions unless otherwise stated)

29. Earnings per share

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
a) Basic earning per share		
Profit/(loss) after tax	13.28	16.51
Weighted average number of equity shares outstanding during the year – Basic	9,81,11,039	9,78,35,171
b) Diluted		
Profit/(loss) after tax		
Weighted average number of equity shares outstanding during the year – Basic	13.28	16.51
Add: Weighted average number of potential equity shares on account of employee stock options	9,81,11,039 9,94,742	9,78,35,171 6,97,515
Weighted average number of equity shares outstanding during the year – Diluted	9,91,05,781	9,85,32,686
Earnings per share		
Basic – par value of INR 10 each	0.14	0.17
Diluted - par value of INR 10 each	0.13	0.17

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(Amount in millions unless otherwise stated)

30. Financial instruments - fair value and risk management

A. Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

	As at 31 March 2023		
	FVTPL	**FVTOCI**	**Amortised cost**
Financial assets:			
Cash and cash equivalents	-	-	0.04
Bank balance other than above	-	-	-
Other financial assets	-	-	425.12
	-	**-**	**425.16**
Financial liabilities:			
Other financial liabilities	-	-	1.94
	-	**-**	**1.94**

	As at 31 March 2022		
	FVTPL	**FVTOCI**	**Amortised cost**
Financial assets:			
Cash and cash equivalents	-	-	2.61
Bank balance other than above	-	-	-
Other financial assets	-	-	404.01
	-	-	**406.62**
Financial liabilities:			
Other financial liabilities	-	-	1.96
	-	-	**1.96**

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

Financial assets and liabilities measured at fair value - recurring fair value measurements

Financial assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31 March 2023	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	0.04	-	-	-	-
Bank balance other than above	-	-	-	-	-
Other financial assets	425.12	-	-	-	-
	425.16	-	-	-	-
Financial liabilities:					
Other financial liabilities	1.94				
	1.94	-	-	-	-

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31 March 2022	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	2.61	-	-	-	-
Bank balance other than above	-	-	-	-	-
Other financial assets	404.01	-	-	-	-
	406.62	**-**	**-**	**-**	**-**
Financial liabilities:					
Other financial liabilities	1.96				
	1.96	**-**	**-**	**-**	**-**

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include cash in hand, balances with other banks and certain other financial assets and liabilities. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

C. Valuation framework

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Bank develops Level 3 inputs based on the best information available in the circumstances.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

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31. Financial risk management

The Company's activities exposure is to credit risk, liquidity risk, market risk and operational risk.

A. Risk management framework

(a) Risk management structure and Company's risk profile

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

Efficient and timely management of risks involved in the Company's activities is critical for the financial soundness and profitability of the Company. Risk management involves the identifying, measuring, monitoring and managing of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Company employs leading risk management practices and recruits skilled and experienced people.

The Company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

B. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's investment in debentures, cash and cash equivalents, other bank balances, etc.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Cash and bank balances

Cash and bank balances of the Company are held with banks which have high credit rating. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

C. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial labilities at the reporting date. The amount are gross and undiscounted.

As at 31 March 2023	Contractual cash flows						
	Carrying amount	Gross nominal inflow/(outflow)	6 month or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non - derivative financial liabilities							
Other financial liabilities	1.94	(1.94)	(1.94)				

As at 31 March 2022	Contractual cash flows						
	Carrying amount	Gross nominal inflow/(outflow)	6 month or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non - derivative financial liabilities							
Other financial liabilities	1.96	(1.96)	(1.96)	-	-	-	-

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D. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The company is not exposed to any currency risk as Company does not have any foreign currency transactions during the current year and comparative year.

(ii) Interest rate risk

The Company does not have any borrowings.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management is as follows:

Particulars	31 March 2023	31 March 2022
Fixed rate instruments		
Financial assets	423.73	399.25
Financial liabilities	-	-

(iii) Legal and operational risk

a Legal risk

Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Company has developed preventive controls and formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced. The Company also has well established legal procedures to scrutinise product offerings and manage risks arising out of its transactions.

b Operational

Operational risk is the exposure to loss resulting from inadequate or failed internal processes, people and systems, or from external events. The Company has clearly defined operations procedures for each of its products and services. It also has advanced computer systems that enable it to run operations with speed and accuracy.

The operational risk department operates independently from other units of the Company and reports directly to the Audit Committee, which consists of members of the Board. It conducts regular reviews of all business areas of the Company and reports control deficiencies and exceptions to the Company's policies and procedures. It also recommends measures to mitigate operational risk, which are implemented by management immediately.

Utkarsh CoreInvest Limited
(Formerly known as Utkarsh Micro Finance Limited)
Notes to standalone financial statements as at 31 March 2023
(Amount in millions unless otherwise stated)

32 Capital management

The basic approach of capital adequacy framework is that, a financial institution should have sufficient capital to absorb shocks on account of any unexpected losses arising from the risks in its business.

As per RBI guidelines, the Company is required to maintain a minimum capital to risk weighted asset ratio. Capital management entails optimal utilization of scarce capital to meet extant regulatory capital requirements. The Company has put in place an appropriate Risk Appetite framework and computes its capital requirements and adequacy as per extant regulatory guidelines. Going forward, attempt shall be made to strengthen Capital allocation practices and enhance efficiency of capital.

i. Regulatory capital

The Company's regulatory capital consists of the sum of the following elements :

- Common equity Tier 1 (CET1) capital, which includes ordinary share capital, related share premiums, retained earnings and reserves after adjustment for dividend declared and deduction for goodwill, intangible assets and other regulatory adjustments relating to items that are not included in equity but are treated differently for capital adequacy purposes.

	As at 31 March 2023	As at 31 March 2022
Common equity Tier 1 (CET1) capital		
Paid up share capital	984.21	983.30
Capital redemption reserve	90.00	90.00
Securities premium account	6,479.52	6,466.13
(Deficit) in the statement of profit and loss account	(3,323.07)	(3,344.43)
Statutory reserve	215.28	212.35
ESOP outstanding account	140.32	153.60
Prepaid expenditure	(0.18)	(0.27)
	4,586.08	**4,560.69**
Tier 2 capital instruments		
Less: Investment in excess of 10% of Own fund	-	-
	4,586.08	**4,560.69**
Total regulatory capital	4,586.08	4,560.69
Risk weighted assets	7,898.78	7,899.17
CRAR (%) - Refer note 34 (a)	58.06%	57.74%
CRAR -Tier I Capital (%)	58.06%	57.74%
CRAR -Tier II Capital (%)	0.00%	0.00%

ii. Capital allocation

Management uses extant regulatory capital ratios to monitor its capital base. The amount of capital allocated to each operation or activity is based primarily on regulatory capital requirements. Theoretically, maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Company to particular operations or activities. Going forward, capital allocation for various lines of business and activities shall be attempted, as part of annual business plan based on synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Company's longer-term strategic objectives.

33 Liquidity coverage ratio

Numerator	Denominator	31-Mar-23	31-Mar-22	% of variance	Explanation for change in the ratio by more than 25%
423.77	2.51	16890%	10887%	55.13%	Due to higher decrease in outflow of 32% against increase in HQLA by around 6% on year on year.

The Company has elected not to recognise right of use assets and lease liabilities for short term lease of building that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on straight line basis.

34 Rent expense recognised in the statement of profit and loss on account of short term exemption is INR 1.03 (31 March 2022 : INR 0.97)

(Amount in millions unless otherwise stated)

35 Additional Disclosures as required by Reserve Bank of India (RBI)

a) Components of ANW and other related information:

Particulars	As at 31 March 2023	As at 31 March 2022
i) ANW as a % of Risk Weighted Assets	58.06%	57.74%
ii) Unrealized appreciation in the book value of quoted investments	-	-
iii) Diminution in the aggregate book value of quoted investments	-	-
iv) Leverage Ratio	0.00	0.00

Note: The ANW as a % of RWA as at 31 March 2023 disclosed above is as per RBI circular "RBI/DoR(NBFC)/2016-17/39 dated August 25, 2016, Master Direction DoR(NBFC).PD.003/03.10.119/2016-17 (Updated as on December 29, 2022)".

ANW as a % of RWA as at 31 March 2023 has been calculated without considering the fair value changes in other equity as part of free reserves. If the Company consider the fair value changes in other equity and equity component of financial instruments, the ANW as a % of RWA as at 31 March 2023 will be 108.86% (31 March 22: 108.53%).

b) The Company has the following direct exposure to real estate sector:

Particulars	As at 31 March 2023	As at 31 March 2022
Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-

c) Maturity pattern of certain items of assets and liabilities:

Particulars (31 March 2023)	1 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month 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
Borrowings	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-
Deposits accepted	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	7,971.43	7,971.43

Particulars (31 March 2022)	1 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month 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
Borrowings	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-
Deposits accepted	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	7,971.43	7,971.43

d) **Investments:**

Particulars	31 March 2023	31 March 2022
Value of Investments		
(i) Gross Value of Investments		
(a) in India	7,971.43	7,971.43
(a) outside India,	-	-
(ii)Provisions for Depreciation		
(a) in India	-	-
(a) outside India,	-	-
(iii)Net Value of Investments		
(a) in India	7,971.43	7,971.43
(a) outside India,	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

e) **Business Ratio:**

Particulars	31 March 2023	31 March 2022
Return on Equity	0.16%	0.20%
Return on Assets	0.16%	0.20%
Net Profit per Employee	1.66	1.83

f) **Provision and contingency**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Provisions for depreciation on Investment	-	-
Provision towards NPA	-	-
Provision made towards Income tax	5.69	7.18
Provision for Standard Assets	-	-
Other Provision and Contingencies	-	-

g) **Draw down from Reserves**

There has been no draw down from reserves during the year ended 31 March 2023 (previous year: Nil).

h) **Concentration of Advances, Exposures and NPAs**

Particulars	As at 31 March 2023	As at 31 March 2022
Concentration of Advances		
Total advances to twenty largest borrowers	-	-
(%)of advances to twenty largest borrowers to total advances	-	-
Total exposure to top five NPA Accounts	-	-

i) **Sector wise Non-Performing Assets (NPA)**

Sector	Percentage of NPAs to total advances in that sector	
	As at 31 March 2023	As at 31 March 2022
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-

j) **Movement in Non-Performing Asset (NPA)**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Net NPA to net advances percentage	-	-
Movement of NPAs (Gross)		
a) Opening balance	-	-
b) Additions during the year	-	-
c) Reduction during the year	-	-
d) Closing balance	-	-
Movement of net NPAs		
a) Opening balance	-	-
b) Additions during the year	-	-
c) Reduction during the year	-	-
d) Closing balance	-	-
Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	-	-
b) Provisions made during the year	-	-
c) Write off/ write back of excess provisions	-	-
d) Closing balance	-	-

k) **Disclosure with respect to customer complaints**

Particulars	Number of complaints	
	For the year ended 31 March 2023	For the year ended 31 March 2022
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	-	-
No. of complaints redressed during the year	-	-
No. of complaints pending at the end of the year	-	-

l) **Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC:**

The Company has not exceeded the prudential exposure limits during the financial year ended 31 March 2023 and 31 March 2022.

m) **Registration obtained from other financial sector regulators**

Regulator	Registration No.	Date of Registration
Ministry of Corporate Affairs	U65191UP1990PLC045609	24 June 2016

n) **Details of penalties imposed by RBI and other regulators**

No penalties has been imposed by RBI and other regulators on the Company during the financial year ended 31 March 2023 and 31 March 2022.

o) **Unsecured Advances**

The Company has not given any unsecured advances against intangible securities such as charge over the rights, licenses, authority, etc. during the financial year ended 31 March 2023 and 31 March 2022.

p) **Details of non-performing financial assets purchased / sold**

The Company has not purchased/sold any non-performing financial assets during the financial year ended 31 March 2023 and 31 March 2022.

q) Disclosure of frauds reported during the year ended 31 March 2023 vide DNBS. PD. CC No. 256/03.10.042/2011-12 dated 2 March 2012

During the year ended 31 March 2023

Particulars	Less than INR 1 Lakh		INR 1 Lakh to INR 5 Lakh		More than INR 5 Lakh	
	No. of accounts	Value (INR)	No. of accounts	Value (INR)	No. of accounts	Value (INR)
A) Person involved						
Staff	-	-	-	-	-	-
Customers	-	-	-	-	-	-
Staff and Customers	-	-	-	-	-	-
Total	-	-	-	-	-	-
B) Type of Fraud						
Misappropriation and	-	-	-	-	-	-
Criminal Breach of Trust						
Fraudulent Encashment/ manipulation of books of accounts or through fictitious accounts and conversion of property.	-	-	-	-	-	-
Unauthorised credit facilities extended for reward or for illegal gratification	-	-	-	-	-	-
Negligence and cash shortages	-	-	-	-	-	-
Cheating and forgery	-	-	-	-	-	-
Irregularities in foreign exchange transactions	-	-	-	-	-	-
Any other type of fraud not coming under the specific heads as above	-	-	-	-	-	-
Total	-	-	-	-	-	-

r) Disclosure of frauds reported during the year ended 31 March 2023 vide DNBS. PD. CC No. 256/03.10.042/2011-12 dated 2 March 2012 (continued)

During the year ended 31 March 2022

Particulars	Less than INR 1 Lakh		INR 1 Lakh to INR 5 Lakh		More than INR 5 Lakh	
	No. of accounts	Value (INR)	No. of accounts	Value (INR)	No. of accounts	Value (INR)
A) Person involved						
Staff	-	-	-	-	-	-
Customers	-	-	-	-	-	-
Staff and Customers	-	-	-	-	-	-
Total	-	-	-	-	-	-
B) Type of Fraud						
Misappropriation and	-	-	-	-	-	-
Criminal Breach of Trust						
Fraudulent Encashment/ manipulation of books of accounts or through fictitious accounts and conversion of property.	-	-	-	-	-	-
Unauthorised credit facilities extended for reward or for illegal gratification	-	-	-	-	-	-
Negligence and cash shortages	-	-	-	-	-	-
Cheating and forgery	-	-	-	-	-	-
Irregularities in foreign exchange transactions	-	-	-	-	-	-
Any other type of fraud not coming under the specific heads as above	-	-	-	-	-	-
Total	-	-	-	-	-	-

r) The Company has no exposure or transactions regarding overseas assets.

s) There are no derivatives as at 31 March 2023 and 31 March 2022. Accordingly disclosure pertaining to derivatives vide DNBR (PD) CC.No.053/03.10.119/2015-16 dated 01 July 2015 are not provided.

t) The Company has no investment in other CICs as at March 31, 2023 and March 31, 2022.

u) The Company has no Off Balance Sheet exposure as at March 31, 2023 and March 31, 2022.

As per our report of even date attached.

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

Manish Kankani
Partner
Membership No: 158020

Place: Mumbai
Date: 08 May 2023

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

Ashwani Kumar
Managing Director and CEO
DIN: 07030311

G.S. Sundararajan*
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi & Chennai*
Date: 08 May 2023

(Amount in millions unless otherwise stated)

36 Additional Disclosures as required by Reserve Bank of India (RBI) basis Scale Based Regulation (SBR)
(Refer Circular No- RBI/2022-23/26 DOR.ACC.REC.NO.20/21.04.018/2022-23 dated April 19, 2022)

a) Exposure:

1 Exposure to real estate sector

Category	As at 31 March 2023	As at 31 March 2022
i) Direct exposure		
a) Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	Nil	Nil
b) Commercial Real Estate – Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	Nil	Nil
c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures –		
i. Residential	Nil	Nil
ii. Commercial Real Estate	Nil	Nil
ii) Indirect Exposure		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	Nil	Nil
Total Exposure to Real Estate Sector		

2 The Company does not have any exposure to capital market as at March 31, 2023 and March 31, 2022.

3 Sectoral exposure

Sectors	As at 31 March 2023			As at 31 March 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹crore)	Gross NPAs (₹crore)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹crore)	Gross NPAs (₹crore)	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry	-	-	-	-	-	-
i....	-	-	-	-	-	-
ii....	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total of Industry	-	-	-	-	-	-
(i+ii+...+Others)	-	-	-	-	-	-
3. Services	-	-	-	-	-	-
i...	-	-	-	-	-	-
ii...	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total of Services	-	-	-	-	-	-
(i+ii+...+Others)	-	-	-	-	-	-

Sectors	As at 31 March 2023			As at 31 March 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹crore)	Gross NPAs (₹crore)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹crore)	Gross NPAs (₹crore)	Percentage of Gross NPAs to total exposure in that sector
4. Personal Loans	-	-	-	-	-	-
i...	-	-	-	-	-	-
ii...	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total of Personal Loans	-	-	-	-	-	-
(i+ii+...+Others)	-	-	-	-	-	-
5. Others, if any	-	-	-	-	-	-
(please specify)	-	-	-	-	-	-

4 Intra-group exposures

Particulars	As at 31 March 2023	As at 31 March 2022
i. Total amount of intra-group exposures	8,318.69	8,274.16
ii. Total amount of top 20 intra-group exposures	8,318.69	8,274.16
iii. Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	100%	100%

5 The Company does not have any unhedged foreign currency exposure as at March 31, 2023 and March 31, 2022.

B Related Party Disclosures

Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Directors		Key Management Personnel		Relatives of Key Management Personnel		Total	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	419.90	373.80	-	-	12.92	10.73	0.78	0.41	0.30	0.28	433.91	385.21
Placement of deposits	-	-	419.90	373.80	-	-	12.76	13.50	0.79	0.48	0.51	0.48	433.96	388.26
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	7,897.39	7,893.12	-	-	-	-	-	-	-	-	7,897.39	7,893.12
Purchase of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	29.21	25.55	-	-	0.08	0.11	0.02	0.01	0.02	0.05	29.33	25.72
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-

C) Disclosure of complaints

1 Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Particulars	FY 2022-23	FY 2021-22
Complaints received by the NBFC from its customers		
1. Number of complaints pending at beginning of the year	-	-
2. Number of complaints received during the year	-	-
3. Number of complaints disposed during the year	-	-
3. 1 Of which, number of complaints rejected by the NBFC	-	-
4. Number of complaints pending at the end of the year	-	-
Maintainable complaints received by the NBFC from Office of Ombudsman		
5. Number of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
5. 1 Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-

Particulars	FY 2022-23	FY 2021-22
5. 2 Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
5. 3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6. Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

2) Since, no complaints have been received during FY 2022-23 and FY 2021-22, hence, the ground of complaints are Nil for both years.

D) The Company does not have any loan or have not issues any debt securities during FY 2022-23 and FY 2021-22.

E) Since, none of the conditions for divergence in asset classification and provisioning are met, hence, the same is not applicable to the Company for FY 2022-23 and FY 2021-22.

As per our report of even date attached.

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

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

Manish Kankani
Partner
Membership No: 158020

Ashwani Kumar
Managing Director and CEO
DIN: 07030311

G.S. Sundararajan*
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Mumbai
Date: 08 May 2023

Place: Varanasi & Chennai*
Date: 08 May 2023

Additional Disclosures as per Schedule III Amendment by Ministry of Corporate Affairs (MCA) dated March 24, 2021:

37 There are no immovable properties in the name of Company included in property, plant and equipment and intangible assets.

38 The Company has not entered into a transaction where the fair value of investment property (as measured for disclosure purposes in the financial statements) is measured on the valuation by a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

39 The company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

40 The Company has not guaranteed any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties, either severally or jointly with any other person, that are repayable on demand; or without specifying any terms or period of repayment.

a) The company has not advanced / loaned / invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(I) directly or indirectly lend / invest in other person or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries)

(II) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

41 (b) The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall:

(I) directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries")

(II) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

42 No proceedings have been initiated on or are pending against the company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

43 The Company has no borrowings from banks and financial institutions on the basis of security of current assets.

44 Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

45 There are no identified promoter of the company as at March 31, 2023 and March 31, 2022.

46 No transactions have taken place with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

47 There are no charges / satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

48 There are no capital work in progress, investment property in progress and intangible assets as at March 31, 2023 and March 31, 2022. Hence, there are no projects in progress or temporarily suspended. Also, there are no projects whose completion is overdue or has exceeded its cost as per original plan.

49 The company is in compliance with the number of layers prescribed u/s (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

50 There are no approved Scheme of Arrangements by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 as at March 31, 2023 and March 31, 2022.

51 There are no Security deposits, lease liabilities and long-term borrowings of the Compnay as at March 31, 2023 and March 31, 2022.

52 There are no any transactions not recorded in the books of accounts that has been surrendered or disclosed as income during the year and previous year in the tax assessments under the Income Tax Act, 1961.

53 There have been no trading / investment in crypto / virtual currency during the year and previous year. Also, there have been no deposits and advances received from any person for the purpose of trading / investment in crypto currency during current year and previous year.

As per our report of even date attached.

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

Manish Kankani
Partner
Membership No: 158020

Place: Mumbai
Date: 08 May 2023

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

Ashwani Kumar
Managing Director and CEO
DIN: 07030311

G.S. Sundararajan*
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi & Chennai*
Date: 08 May 2023

1. Reporting Entity

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

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

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

2. Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

a. Basis of preparation

I. Statement of compliance

The financial statements of the Company comply in all material aspects with Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 ("the Act"), as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act.

These financial statements were authorized for issue by the Company's Board of directors on 08 May 2023.

The Company is regulated by the Reserve Bank of India ('RBI'). The RBI periodically issues/amends directions, regulations and/or guidance (collectively "Regulatory Framework") covering various aspects of the operation of the Company, including those relating to accounting for certain types of transactions. The Regulatory Framework contains specific instructions that need to be followed by the Company in preparing its financial statements. The financial statements for the current and previous year may need to undergo changes in measurement and / or presentation upon receipt of clarifications on the Regulatory Framework or changes thereto.

ii. Basis of measurement

These financial statements have been prepared on a historical cost basis, except for Net defined benefit (asset)/ liability - fair value of plan assets less present value of defined benefit obligation.

iii. Functional and presentation currency

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

iv. Use of judgements and estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of these financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

A. Judgements

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

Note 30 - classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

B. Assumptions and estimation uncertainties

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

- Note 26 - Measurement of defined benefit obligations: key actuarial assumptions.
- Note 7 - Useful life and residual value of property, plant and equipment
- Note 31 - Impairment of financial assets: key assumptions in determining the average loss rate
- Note 30 - Fair value measurement of financial instruments

b. Revenue Recognition

- Dividend income is accounted on an accrual basis when the right to receive the dividend is established. This is generally when the shareholders approve the dividend.
- Income from interest on deposits and interest bearing securities is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- All other fees are accounted for as and when they become due.

c. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

The Company initially recognizes loans and advances on the date on which they are originated. All other financial assets are recognized on the trade date, which is the date on which the Company becomes a party to the contractual provision of the instrument.

Financial instrument are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair value through profit or loss (FVTPL), transaction costs are added to, subtracted from, this amount. Trade receivables are measured at the transaction price.

Classification and subsequent measurement

Classifications

The Company classifies its financial assets as subsequently measured at either amortized cost or fair value depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.
- The frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Assessment whether contractual cash flows are solely payments of principal and interest

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

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

Debt instruments at amortised cost

A financial asset is measured at amortized cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from ECL impairment are recognized in the profit or loss.

Debt instrument at fair value through Other Comprehensive Income (FVTOCI)

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (OCI). Interest income is recognized basis EIR method and the losses arising from ECL impairment are recognized in the profit or loss.

Debt instrument at fair value through profit and loss (FVTPL)

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Instruments at fair value through profit and loss (FVTPL)

The Company classifies its investment in financial assets at fair value through profit and loss. The said classification depends upon the entity's business model for managing the financial assets and the contractual terms of the cash flow. The said assets are measured at fair value whose gains and losses shall be recorded in statement of profit or loss.

Reclassification of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. If the Company evaluates that substantial risk and reward have not been transferred, the Company continues to recognize the transferred asset. If the Company evaluates that substantial risk and rewards are neither transferred nor retained and the control of the asset is also not transferred, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of amortized cost, net of directly attributable transaction costs.

Classification and subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities measured at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial liabilities designated at fair value through profit and loss

When a financial liability contract contains one or more embedded derivative, the Company may designate the entire hybrid contract as at fair value through profit and loss unless:

- the embedded derivative(s) does not significantly modify the cash flows that otherwise would be required by the contract; or
- it is clear with little or no analysis when a similar hybrid instrument is first considered that separation of the embedded derivative(s) is prohibited, such as a prepayment option embedded in a loan that permits the holder to prepay the loan for approximately its amortized cost.

The fair valuation change on the liabilities subsequently measured at fair value through profit and loss account is recognized in profit and loss account except the changes in the liability's credit risk, which is recognized in 'Other Comprehensive Income'

Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The Company derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability or equity based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability or equity recognized with modified terms is recognized in profit or loss or in other equity in case the same is a transaction with the shareholders.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously ('the offset criteria').

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company has classified the financial instruments based on a hierarchy of valuation techniques, as summarized below:

Level 1 financial instrument, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 financial instrument, if there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction like quoted price for identical instruments, interest rates and yields adjusted for condition and location of the asset or to the extent to which it relates.

Level 3 financial instrument, if adjustments are based on one or more unobservable inputs where there is no market activity for the asset or liability at the measurement date

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price i.e. the fair value of consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument.

d. Impairment of Financial Assets

Impairment of financial instruments

The Company recognizes impairment allowances for ECL on all the financial assets that are not measured at FVTPL:

- Financial assets that are debt instruments
- Bank balance
- Other financial assets

No impairment loss is recognized on equity investments.

ECL are probability weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- Financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.
- Financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows.

With respect to other financial assets, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For financial assets at FVTOCI, the loss allowance is recognized in the Statement of Profit or Loss.

e. Investment in Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

f. Foreign Currency transactions and balances

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year end rates. The resultant exchange differences are recognized in the Statement of Profit and Loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

g. Property, Plant and Equipment (PPE)

Initial Measurement

Property, plant and equipment are stated at cost less accumulated depreciation as adjusted for impairment, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate item (major components) of property, plant and equipment. Any gain on disposal of property, plant and equipment is recognized in statement of Profit and loss.

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and used it as its deemed cost as at the date of transition.

Subsequent Measurement

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Impairment

Carrying amounts of cash generating assets are reviewed at each Balance Sheet date to determine whether there is any impairment. Impairment loss, if any, is recognized in the statement of Profit and Loss whenever the carrying amount exceeds the recoverable amount.

Depreciation

Depreciation is provided as per straight-line method from the date of addition over the estimated useful life of the asset. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of property, plant and equipment which are in accordance with lives prescribed under Schedule II of Companies Act, 2013.

Assets	Estimated useful life (in Years)
Vehicles	XX
Computers	XX

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

h. Employee benefits

i. Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Share-based payment arrangements

The Company has formulated an Employees Stock Option Scheme to be administered through a Trust and also issues options to employees which are not routed through trust. The scheme provides that subject to continued employment with the Company, the employees are granted an option to acquire equity shares of the Company that may be exercised within a specified period.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

iii. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. The Company has following defined contribution plans:

Provident Fund

The Company contributes to mandatory government administered provident funds which are defined contribution schemes as the Company does not carry any further obligation, apart from the contributions made on a monthly basis. The contributions are accounted for on an accrual basis and recognized in the statement of Profit and Loss

iv. Defined benefit plans

The Company's net obligation in respect of gratuity is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in Other Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

v. **Other long-term employee benefits**

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognized in profit or loss in the period in which they arise.

i. Income Tax

Income tax expense comprises of current tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j. 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.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

k. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company has been identified as the chief operating decision maker for the Company.

l. Provision, Contingent Liabilities and Contingent Assets

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

The provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

A disclosure for 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.

Where an inflow of economic benefits is probable, an entity shall disclose a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

m. Leases

The Company's lease asset class consists of lease for building taken on lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognizes the lease payments associated with these leases as an expense over the lease term.

n. Recent Accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements
The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes
The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of
Utkarsh CoreInvest Limited
(Formerly known as Utkarsh Micro Finance Limited)

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial statements of Utkarsh CoreInvest Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss (including Consolidated other comprehensive income), Consolidated statement of changes in equity and Consolidated statement of cash flows for the year ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Ind AS Financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of such subsidiary as were audited by the other auditors, the aforesaid Consolidated Ind AS Financial statements give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and Consolidated profit and total comprehensive income (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Note 41 to the Consolidated Ind AS Financial Statements which specifies that there are 22 legal cases pending aggregating to 2 million which will impact the Group's operations as they are uncertain in nature. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Management and Board of Directors are responsible for other information. The other information comprises the information included in the management Discussion and Analysis, Board's Report Including Annexures to Board's Report, Business Responsibility Report, Corporate Governance Report, and Shareholder Information, but does not include the Consolidated Ind AS Financial statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS Financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS Financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS Financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Consolidated Ind AS Financial Statements

The Holding Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Ind AS Financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company 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 Consolidated Ind AS Financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Ind AS Financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS 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 Consolidated Ind AS 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 risk of material misstatement of the Consolidated Ind AS 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 adequate internal financial controls systems are 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 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 exits related to events or conditions that may cast significant doubt on the Company'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 Consolidated Ind AS 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial statements of such entity or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph of the section titled "Other Matters" in this audit report.

Materiality is the magnitude of misstatement in the Consolidated Ind AS 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 misstatement 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 and significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we may 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.

Other Matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets (before consolidation adjustments) of Rs. 1,97,073.09 million as at 31 March 2023, total revenues (before consolidation adjustments) of Rs. 27,447.72 million and net cash inflows amounting to Rs. 6,442.90 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure 'A' statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2A. As required by Section 143(3) of the Act, 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 of the aforesaid Consolidated Ind AS Financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept by the Company so far as it appears from our examination of those books and reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

d) In our opinion, the aforesaid Consolidated Ind AS Financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 as amended.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its subsidiary company, none of the directors of the Group companies is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.

2B. 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, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiary, as noted in the "Other Matters" paragraph:

i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group. Refer Note 31 to the Consolidated Ind AS Financial Statements.

ii. Provision has been made in the Consolidated Ind AS Financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long term contracts including derivative contracts. Refer Note 16 to the Consolidated Ind AS Financial Statements in respect of such items as it relates to the Group.

iii. There are no amounts which are required to be transferred to the Investor Education and protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31st March 2023.

iv. 1) The management has represented that, to the best of its knowledge and belief, as disclosed in note 55 to the accounts, 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 Holding Company or its subsidiary company 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:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary company incorporated in India or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

2) The management has represented, that, to the best of its knowledge and belief, as disclosed in note 55 to the accounts, no funds have been received by the Holding Company or its subsidiary company incorporated in India from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary company incorporated in India shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

3) Based on such audit procedures as 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 (d) (i) and contain any material mis-statement.

v. The dividend has not declared or paid during the year by the Holding Company and hence are in compliance with Section 123 of the Act. The subsidiary company incorporated in India have neither declared nor paid any dividend during the year.

vi. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary company incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **DMKH & CO.**
Chartered Accountants
Firm Registration Number: 116886W

CA Manish Kankani
Partner
Membership Number: 158020
UDIN: 23158020BGUSGK1891

Place: Mumbai
Date: 28th July, 2023

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report to the members of Utkarsh CoreInvest Limited of even date)

Report on the Companies (Auditor's Report) Order, 2020, issued in terms of Section 143(11) of the Companies Act, 2013 ("the Act") of Utkarsh CoreInvest Limited ("the Company"):

xxi. There were no adverse comment on subsidiary financial statements, so said clause is not applicable to company.

For **DMKH & CO.**
Chartered Accountants
Firm Registration Number: 116886W

CA Manish Kankani
Partner
Membership Number: 158020
UDIN: 23158020BGUSGK1891

Place: Mumbai
Date: 28th July, 2023

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Utkarsh CoreInvest Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

Opinion

In conjunction with our audit of the consolidated financial statements of UTKARSH COREINVEST LIMITED (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and such company incorporated in India under the Act which is its subsidiary company, as of that date.

In our opinion and based on the consideration of reports of the other auditors on internal financial controls with reference to financial statements of subsidiary company, as were audited by the other auditors, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. 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 the respective company'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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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 ICAI 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 Company's internal financial controls system over financial reporting with reference to financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 company's internal financial control over financial reporting 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 company; (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 company are being made only in accordance with authorizations of the management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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.

Other matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company incorporated in India based on the corresponding reports of the auditors of such company incorporated in India.

Our opinion is not modified in respect of this matter.

For **DMKH & CO.**
Chartered Accountants
Firm Registration Number: 116886W

CA Manish Kankani
Partner
Membership Number: 158020
UDIN: 23158020BGUSGK1891

Place: Mumbai
Date: 28th July, 2023

Utkarsh CoreInvest Limited

Consolidated Balance Sheet As at 31 March 2023
(All amounts are in Rupees millions unless otherwise stated)

	Notes	As at 31 March 2023	As at 31 March 2022
Assets			
Financial assets			
Cash and cash equivalents	3	25,125.64	18,682.82
Bank balance other than above	3	41.31	36.85
Derivative financial instruments		-	-
Loans	4	1,35,487.95	99,434.08
Investments	5	27,962.50	23,284.46
Other financial assets	6	1,869.93	1,063.43
Non-financial assets			
Current tax assets (net)	7	190.47	527.01
Deferred tax assets (net)	7	883.56	1,283.57
Property, plant and equipment	8	5,165.24	4,429.20
Capital work-in-progress	8	18.32	9.20
Other intangible assets	9	266.52	278.04
Other non-financial assets	10	145.52	291.78
Total assets		**1,97,156.96**	**1,49,320.44**

	Notes	As at 31 March 2023	As at 31 March 2022
Liabilities and equity			
Liabilities			
Financial liabilities			
Trade payables			
- Total outstanding due to micro and small enterprises	11	91.02	66.13
- Total outstanding dues of creditors other than micro enterprises and small enterprises	11	329.09	343.03
Borrowings (other than debt securities)	12	27,265.66	21,987.61
Lease liability	48	2,910.98	2,226.74
Deposits	13	1,40,540.71	1,03,924.85
Subordinated liabilities	14	2,342.01	3,837.95
Other financial liabilities	15	2,565.30	1,314.55
Non-financial liabilities			
Current tax liabilities (net)		83.70	-
Provisions	16	120.44	58.41
Other non-financial liabilities	17	143.42	114.88
Equity			
Equity share capital	18	984.21	983.30
Other equity	19	16,585.92	12,179.60
Equity attributable to equity holders of the parent		17,570.13	13,162.90
Non controlling interest		3,194.50	2,283.38
Total liabilities and equity		**1,97,156.96**	**1,49,320.44**

Summary of significant accounting policies 2

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

As per our report of even date attached.

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

Manish Kankani
Partner
Membership No: 158020

Place: Mumbai
Date: 28 July 2023

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

Ashwani Kumar
Managing Director and CEO
DIN: 07030311

G.S. Sundararajan
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi
Date: 28 July 2023

Utkarsh CoreInvest Limited

Statement of Consolidated profit and loss For the year ended 31 March 2023
(All amounts are in Rupees millions unless otherwise stated)

		Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
I.	**Revenue from operations**			
	Interest income	20	27,230.61	19,606.91
	Fees and commission income	21	217.11	169.33
	Net gain on fair value changes	25	-	-
	Total revenue from operations		**27,447.72**	**19,776.24**
II.	Other income	22	1,934.20	1,171.78
III.	**Total income**		**29,381.92**	**20,948.02**
IV.	**Expenses**			
	Finance costs	23	10,247.12	7,993.02
	Fees and commission expense	24	362.00	251.45
	Net loss on fair value changes	25	14.89	32.81
	Impairment on financial instruments	26	2,261.42	4,538.53
	Employee benefits expenses	27	5,727.76	4,372.57
	Depreciation and amortisation	28	742.27	825.51
	Others expenses	29	2,712.46	2,122.90
	Total expenses		**22,067.92**	**20,136.79**
V.	**Profit/(loss) before tax**		7,314.00	811.23
	Tax Expense:			
	Current tax	7	1,263.14	536.61
	Deferred tax	7	512.82	(347.51)
VI.	**Profit/(Loss) for the year**		**5,538.04**	**622.13**
VII.	**Other comprehensive income**			
A.	(i) Items that will not be reclassified to profit or loss			
	• Actuarial gain/(loss) on defined benefit obligation		4.49	6.94
	• Income tax relating to items that will not be reclassified to profit or loss		(1.13)	(1.75)
	Subtotal (A)		**3.36**	**5.19**
B.	**(i) Items that will be reclassified to profit or loss**			
	• Debt securities measured at FVTOCI - reclassified to other comprehensive income		(481.60)	(274.21)
	• Income Tax relating to items that will be reclassified to profit or loss		113.95	69.01
	Subtotal (B)		(367.65)	(205.20)
	Other comprehensive income (A + B)		**(364.29)**	**(200.01)**
VIII.	**Total Comprehensive Income for the year**		**5,173.75**	**422.12**

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
IX. Profit / (loss) for the year attributable to :			
• Equity holders of the parent		4,696.93	539.58
• Non-controlling interest		841.11	82.55
X. Other comprehensive income for the year attributable to :			
• Equity holders of the parent		(308.83)	(173.06)
• Non-controlling interest		(55.46)	(26.95)
XI. Total comprehensive income for the year attributable to :			
• Equity holders of the parent		4,388.11	366.53
• Non-controlling interest		785.64	55.60
XII. Earnings per equity share			
Basic earnings per share of INR 10.00 each	INR	56.45	6.36
Diluted earnings per share of INR 10.00 each	INR	55.88	6.31
Summary of significant accounting policies	2		
The accompanying notes are an integral part of these financial statements.			

As per our report of even date attached.

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

Manish Kankani
Partner
Membership No: 158020

Place: Mumbai
Date: 28 July 2023

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

Ashwani Kumar
Managing Director and CEO
DIN: 07030311

G.S. Sundararajan
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi
Date: 28 July 2023

Utkarsh CoreInvest Limited

Cash flow statement for the year ending 31 March 2023
(All amounts are in Rupees millions unless otherwise stated)

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
I. Cash flows from operating activities			
Net profit before tax		7,314.00	811.23
Adjustments for:			
Depreciation and amortisation		742.27	825.51
Impairment provision/ write offs		2,261.42	4,538.53
Net (gain) / loss in fair value changes		14.89	32.81
Interest expense		2,432.50	2,263.17
Interest income on investments		(1,573.03)	(1,663.35)
Modification loss on loans		-	166.47
Employee share based expense		118.54	48.46
Impairment on non-financial asset		19.81	3.63
Foreign exchange (loss)		-	(1.59)
Operating cash flow before working capital changes		**11,330.40**	**7,024.87**
Adjustments for:			
(Increase) in loans		(38,301.75)	(24,733.19)
(Increase)/ decrease in Derivative Financial Instruments		-	6.05
(Increase) in other financial assets		(692.86)	(381.35)
Decrease/ (increase) in other non-financial asset		70.25	(142.95)
Increase in deposits		36,615.67	25,613.80
Increase in other financial liability		1,250.75	(23.34)
Increase in other non-financial liability		28.54	25.03
Increase in trade payables		10.95	409.16
Increase in provision		52.99	0.46
Cash flow from operations		10,364.93	7,798.55
Income tax paid		(842.68)	(555.17)
Net cash flow from operating activities (A)		**9,522.25**	**7,243.38**
II. Cash flow from investing activities			
Purchase of property, plant and equipments (including capital work in progress)		(587.02)	(1,313.59)
Proceeds from sale of property, plant and equipments		4.02	4.90
Purchase of intangible assets		(150.98)	(158.02)
Purchase of investments		(29,786.73)	(18,549.40)
Sale/(purchase) of non controlling interest		15.46	1,473.22
Proceeds from sale of investments		24,612.21	18,542.24
Deposit/withdrawal in other bank balances		(4.46)	(5.85)
Dividend income		-	-
Interest received		1,459.33	1,638.97
Net cash used in investing activities (B)		**(4,438.17)**	**1,632.47**
III. Cash flow from financing activities			
Issue of equity shares		10.62	42.59
Repayment of borrowings		-	(8,386.20)
Payment of lease liabilities		(541.96)	(420.45)
Proceeds from borrowings		5,498.40	8,500.00
Proceeds from issue of subordinated liabilities		(1,500.49)	-
Reapyment of subordinated liabilities		-	-
Interest paid		(2,107.83)	(1,599.14)
Net cash (used in)/ from financing activities (C)		**1,358.74**	**(1,863.20)**

	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Net increase/(decrease) in cash and cash equivalents (A + B + C)		6,442.82	7,012.65
Opening Cash and Cash Equivalent		18,682.82	11,670.16
Closing Cash and Cash Equivalent		25,125.64	18,682.82
For composition of cash & cash equivalents	3		
Notes:			
1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 (Ind AS 7) on Cash Flow Statement. 2. Figures in Bracket represents Cash Outflow.			
Summary of significant accounting policies	2		
The accompanying notes are an integral part of these financial statements.			

As per our report of even date attached.

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

Manish Kankani
Partner
Membership No: 158020

Place: Mumbai
Date: 28 July 2023

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

Ashwani Kumar
Managing Director and CEO
DIN: 07030311

G.S. Sundararajan
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi
Date: 28 July 2023

Utkarsh CoreInvest Limited
Statement of changes in equity as at 31 March 2023
(All amounts are in Rupees millions unless otherwise stated)

A. Equity Share Capital

	Balance as at 31 March 2021	Changes during the year	Balance as at 31 March 2022	Changes during the year	Balance as at 31 March 2023
Paid up share capital	976.46	6.84	983.30	0.91	984.21
Less: Equity share capital classified as financial liability	-	-	-	-	-
Total	**976.46**	**6.84**	**983.30**	**0.91**	**984.21**

B. Other Equity

	Reserve and Surplus												Other Comprehensive Income					
	Share application money pending allotment	Equity component of financial instruments	Statutory reserve	Capital redemption reserve	Securities premium	Other Equity - Fair valuation changes	ESOP Reserve	Investment fluctuation reserve	Treasury shares	Capital reserve	Corpus fund	Retained earnings	Debt instruments through other comprehensive income	Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss	Actuarial gain / loss on post employment defined benefit plan	Total attributable to equity holders of the parent	Total non-controlling interest	Total
Balance as at 31 March 2021	**33.69**	**(109.01)**	**1,097.67**	**90.00**	**6,370.86**	**4,121.67**	**140.52**	**169.22**	**(3.17)**	**78.66**	-	**(768.04)**	**28.47**	**(160.62)**	**(10.76)**	**11,079.16**	**1,340.61**	**12,419.77**
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	539.58	(177.55)	-	4.50	366.53	55.60	422.13
Transactions with Non-Controlling Interest	-	-	(49.51)	-	-	-	-	(6.98)	-	(4.19)	-	708.23	2.07		0.08	649.69	823.54	1,473.22
Transfer to/(from) retained earnings	-	-	136.56	-	-	-	(6.73)	(96.28)	-	2.01	-	(35.56)	-	-	-	-	-	-
ESOP reserve of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	63.63	63.63
Share options exercised	-	-	-	-	95.27	-	(26.54)	-	0.71	-	-	-	-	-	-	69.45	-	69.45
Equity settled share based plan	-	-	-	-	-	-	48.46	-	-	-	-	-	-	-	-	48.46	-	48.46
Shares issued	(33.69)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(33.69)	-	(33.69)
Share issue expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share application money received	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-
Balance as at 31 March 2022	-	**(109.01)**	**1,184.72**	**90.00**	**6,466.14**	**4,121.67**	**155.71**	**65.95**	**(2.46)**	**76.48**	**-**	**444.21**	**(147.01)**	**(160.62)**	**(6.18)**	**12,179.60**	**2,283.38**	**14,462.98**
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	4,696.93	(311.67)	-	2.84	4,388.10	785.64	5,173.75
Transactions with Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	6.78	-	-	-	6.78	8.68	15.46
Transfer to/(from) retained earnings	-	-	859.53	-	-	-	(11.00)	(15.26)	-	(0.03)	-	(833.23)	-	-	-	-	-	-
ESOP reserve of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	116.80	116.80
Share options exercised	-	-	-	-	13.39	-	(3.70)	-	0.01	-	-	-	-	-	-	9.70	-	9.70
Equity settled share based plan	-	-	-	-	-	-	1.74	-	-	-	-	-	-	-	-	1.74	-	1.74
Shares issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share application money received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	-	**(109.01)**	**2,044.25**	**90.00**	**6,479.53**	**4,121.67**	**142.75**	**50.69**	**(2.45)**	**76.45**	-	**4,314.69**	**(458.68)**	**(160.62)**	**(3.34)**	**16,585.92**	**3,194.50**	**19,780.42**

As per our report of even date attached

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

Manish Kankani
Partner
Membership No: 158020

Place: Mumbai
Date: 28 July 2023

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

Ashwani Kumar
Managing Director and CEO
DIN: 07030311

G.S. Sundararajan
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi
Date: 28 July 2023

(All amounts are in Rupees millions unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
3 Cash and bank balances		
Cash and cash equivalents		
Cash in hand	1,473.31	832.69
Balances with banks		
- in current accounts	610.58	703.00
- in RBI current accounts	5,507.26	4,506.28
- in deposits accounts (with maturity less than three months)	-	-
- call/notice lending (with less than three months maturity)	1,100.24	-
- term lending (with less than three months maturity)	-	-
- term lending (with maturity less than three months maturity)	-	-
Reverse repo	16,436.36	12,641.16
	25,127.75	18,683.13
Less : Allowance for Impairment loss	2.11	0.31
Total (A)	**25,125.64**	**18,682.82**
Balances with banks earn interest at fixed rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The Company has not taken bank overdraft, therefore the cash and cash equivalent for cash flow statement is same as cash and for cash equivalent given above		
Bank balance other than above		
Deposits with maturity more than 3 months	41.33	36.86
	41.33	36.86
Less : Allowance for Impairment loss	0.02	0.01
Total (B)	**41.31**	**36.85**
Total (A+B)	**25,166.95**	**18,719.67**

Information about the Group's exposure to fair value measurement and credit and market risks are included in Note 40 and 41 respectively.

	As at 31 March 2023	As at 31 March 2022
4 Loans		
At Amortised cost		
(A)		
(i) Bills Purchased and Bills Discounted		
(ii) Loans repayable on Demand	4,112.67	
Term Loans	1,36,460.08	1,05,844.18
Total (A) - Gross	**1,40,572.75**	**1,05,844.18**
Less : Allowance for Impairment loss	(5,084.80)	(6,410.10)
Total (A) - Net	**1,35,487.95**	**99,434.08**

	As at 31 March 2023	As at 31 March 2022
(B)		
(i) Secured by tangible assets and intangible assets	43,227.99	22,623.64
(ii) Covered by Bank/Government guarantees	0.55	1.17
(iii) Unsecured	97,344.21	83,219.36
Total (B) - Gross	**1,40,572.75**	**1,05,844.18**
Less : Allowance for Impairment loss	(5,084.80)	(6,410.10)
Total (B) - Net	**1,35,487.95**	**99,434.08**
(C)		
(i) Priority Sector	1,05,407.67	87,812.42
(ii) Banks	569.90	75.00
(iii) Others	34,595.18	17,956.76
Total (C) - Gross	**1,40,572.75**	**1,05,844.18**
Less : Allowance for Impairment loss	(5,084.80)	(6,410.10)
Total (C) - Net	**1,35,487.95**	**99,434.08**

All the Loans above are Loans in India.

For details pertaing to Allowance for Impairment Loss refer note 41

Utkarsh CoreInvest Limited
Notes to consolidated financial statements for the year ended 31 March 2023
(All amounts are in Rupees millions unless otherwise stated)

	Amortised cost (1)	At Fair Value			Sub- Total (5)=(2)+(3)+(4)	Others (6)	Total (7)=(1)+(5)+(6)
		Through other comprehensive income (2)	Through profit or loss (3)	Designated at fair value through profit or loss (4)			
5 Investments:							
As at 31 March 2023							
Government securities	-	24,983.75	-	-	24,983.75	-	24,983.75
Debt securities	-	2,990.65	-	-	2,990.65	-	2,990.65
Equity instruments						-	-
Total – Gross (A)	-	**27,974.40**	-	-	**27,974.40**	-	**27,974.40**
(i) Investments in India	-	27,974.40	-	-	27,974.40	-	27,974.40
(ii) Investments outside India	-	-	-	-	-	-	-
Total (B)	-	**27,974.40**	-	-	**27,974.40**	-	**27,974.40**
Less: Allowance for Impairment loss (C)	-	(11.90)	-	-	(11.90)	-	(11.90)
Total – Net D= (A)-(C)	-	**27,962.50**	-	-	**27,962.50**	-	**27,962.50**
As at 31 March 2022							
Government securities	-	20,289.07	-	-	20,289.07	-	20,289.07
Debt securities	-	2,995.39	-	-	2,995.39	-	2,995.39
Equity instruments						-	-
Total – Gross (A)	-	**23,284.46**	-	-	**23,284.46**	-	**23,284.46**
(i) Investments in India	-	23,284.46	-	-	23,284.46	-	23,284.46
(ii) Investments outside India	-	-	-	-	-	-	-
Total (B)	-	**23,284.46**	-	-	**23,284.46**	-	**23,284.46**
Less: Allowance for Impairment loss (C)	-	-	-	-	-	-	-
Total – Net D= (A)-(C)	-	**23,284.46**	-	-	**23,284.46**	-	**23,284.46**

	As at 31 March 2023	As at 31 March 2022
6 Other financial assets		
Interest accrued on investments	475.03	361.40
Bank deposit (due to mature after 12 months from the reporting date)	-	-
Advances recoverable in cash	1,395.35	703.00
Other recoverables	0.01	0.01
	1,870.39	1,064.41
Less : Allowance for Impairment loss	0.46	0.98
Total	**1,869.93**	**1,063.43**

Information about the group's exposure to fair value measurement and credit and market risks are included in note 40 and 41

(All amounts are in Rupees millions unless otherwise stated)

7 Income tax

A. Amounts recognised in profit or loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax		
Current period (a)	1,263.14	536.61
Changes in estimates related to prior years (b)	-	-
Deferred tax (c)		
Attributable to-		
Origination and reversal of temporary differences	512.82	(347.51)
Sub-total (c)	512.82	(347.51)
Tax expense (a)+(b)+(c)	**1,775.96**	**189.10**

B. Income tax recognised in other comprehensive income

	For the year ended 31 March 2023			For the year ended 31 March 2022		
	Before tax	Tax (expense) / income	Net of tax	Before tax	Tax (expense) / income	Net of tax
Remeasurements of the net defined benefit liability/ asset	4.49	(1.13)	3.36	6.94	(1.75)	5.20
Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Debt Instruments fair value through Other Comprehensive Income	(481.60)	113.95	(367.65)	(274.21)	69.01	(205.19)
	(477.11)	**112.82**	**(364.29)**	**(267.27)**	**67.26**	**(199.99)**

C. Reconciliation of effective tax rate

Particulars	Year ended 31 March 2023		Year ended 31 March 2022	
	%	Amount	%	Amount
Profit before tax	25.17%	7,314.00	25.17%	811.23
Tax using the Company's domestic tax rate		1,840.79		204.17
Effect of:				
Permanent differences	0.14%	10.03	1.82%	14.77
Tax exemption/deduction	-0.64%	(46.56)	-3.85%	(31.23)
Change in unrecognised temporary differences	0.01%	0.54	0.09%	0.70
Changes in estimate related to prior years	0.00%	-	0.00%	-
Changes in tax rate	0.00%	-	0.00%	-
MAT credit written off	0.00%	-	0.00%	-
Others	-0.39%	(28.84)	0.09%	0.71
Effective tax rate/tax expense		**1,775.96**		**189.10**

D. Recognised deferred tax assets and liabilities

Movement of deferred tax assets / liabilities presented in the balance sheet

Particulars	As at 01 April 2022	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March 2023
Deferred tax assets:				
Loans	1,331.08	(442.48)	-	888.60
Lease Liabilities	98.20	32.94	-	131.14
Others	5.25	(106.88)	-	(101.64)
Property, plant and equipment	(234.39)	5.03	-	(229.36)
	1,200.14	**(511.38)**	**-**	**688.74**
Deferred tax liabilities:				
Property, plant and equipment	6.61	-	-	6.61
Others	(90.04)	1.44	(112.83)	(201.43)
	(83.43)	**1.44**	**(112.83)**	**(194.82)**
Net deferred tax assets	**1,283.57**	**(512.82)**	**112.83**	**883.56**

Particulars	As at 1 April 2021	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March 2022
Deferred tax assets:				
Loans	791.36	539.72	-	1,331.08
Lease Liabilities	86.97	11.23	-	98.20
Others	4.35	0.90	-	5.25
Property, plant and equipment	-	(234.39)	-	(234.39)
	882.68	**317.46**	**-**	**1,200.14**
Deferred tax liabilities:				
Property, plant and equipment	6.61	-	-	6.61
Others	7.27	(30.05)	(67.26)	(90.04)
	13.88	**(30.05)**	**(67.26)**	**(83.43)**
Net deferred tax assets	**868.80**	**347.51**	**67.26**	**1,283.57**

E. Unrecognised deferred tax balances

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

Particulars	As at 31 March 2023	As at 31 March 2022
Deductible temporary differences	1.72	1.27
Total	**1.72**	**1.27**

F. Uncertain tax positions

Refer Note 31 on contingent liabilities and commitment relating to income tax matter under dispute.

Particulars	As at 31 March 2023	As at 31 March 2022
Current Tax Assets (net of Provision of INR 190.47 (31 March 2022: INR 527.01))	190.47	527.01
Total	**190.47**	**527.01**

(All amounts are in Rupees millions unless otherwise stated)

8. Property, Plant and Equipment

	Gross Block					Depreciation				Net Block	
	As at 1 April 2022	Adjustment	Additions	Disposals	As at 31 March 2023	As at 1 April 2022	For the year	Disposals	As at 31 March 2023	As at 31 March 2023	As at 1 April 2022
Owned Assets											
Leasehold improvement	363.66	-	138.17	1.03	500.80	81.55	53.70	0.58	134.67	366.13	282.11
Computers	474.65	-	216.87	50.97	640.55	311.64	142.47	50.32	403.79	236.76	163.00
Vehicles	13.51	-	17.66	4.73	26.44	4.69	3.27	2.96	5.00	21.44	8.82
Office equipment	235.94	-	86.73	0.77	321.90	89.96	63.78	0.64	153.10	168.81	145.99
Electrical equipment	447.52	-	56.61	1.66	502.47	74.44	53.79	1.09	127.14	375.33	373.07
Furniture and fixtures	579.60	-	55.96	2.11	633.45	196.18	70.08	1.40	264.86	368.59	383.42
Generator	79.44	-	6.13	-	85.57	24.12	8.28	(0.00)	32.40	53.17	55.32
Land	121.20	-	-	-	121.20	-	-	-	-	121.20	121.20
Building	1,001.30		-	-	1,001.30	0.78	16.69	-	17.47	983.83	1,000.52
Right of use assets											
Premises	2,792.94	-	721.43	-	3,514.37	942.01	155.55	-	1,097.56	2,416.80	1,850.92
ATM Machines	76.62	-	20.50	-	97.12	31.78	12.16	(0.00)	43.94	53.18	44.85
Total	**6,186.36**	-	**1,320.07**	**61.26**	**7,445.17**	**1,757.15**	**579.77**	**56.99**	**2,279.93**	**5,165.24**	**4,429.20**

	Gross Block					Depreciation				Net Block	
	As at 1 April 2021	Adjustment	Additions	Disposals	As at 31 March 2022	As at 1 April 2021	For the year	Disposals	As at 31 March 2022	As at 31 March 2022	As at 1 April 2021
Owned Assets											
Leasehold improvement	258.22	-	106.40	0.96	363.66	46.96	34.59	-	81.55	282.11	211.26
Computers	383.09	-	100.49	8.93	474.65	227.34	93.09	8.79	311.64	163.00	155.75
Vehicles	6.34	-	7.17	-	13.51	3.40	1.29	(0.00)	4.69	8.82	2.94
Office equipment	115.65	-	120.52	0.23	235.94	53.22	36.97	0.23	89.96	145.99	62.43
Electrical equipment	154.80	-	293.91	1.20	447.52	45.51	29.89	0.96	74.44	373.07	109.29
Furniture and fixtures	382.21	-	199.61	2.21	579.60	149.31	48.87	2.00	196.18	383.42	232.89
Generator	60.30	-	19.14	-	79.44	17.63	6.49	-	24.12	55.32	42.67
Land	121.20	-		-	121.20	-	-	-	-	121.20	121.20
Building	-	-	1,001.30	-	1,001.30	-	0.78		0.78	1,000.52	-
Right of use assets											
Premises	2,321.06	-	490.39	18.51	2,792.94	526.01	416.01	-	942.01	1,850.92	1,795.06
ATM Machines	72.48	-	10.09	5.95	76.62	24.43	10.58	3.23	31.78	44.85	48.05
Total	**3,875.36**	-	**2,348.98**	**37.99**	**6,186.36**	**1,093.81**	**678.54**	**15.21**	**1,757.15**	**4,429.20**	**2,781.55**

For capital commitments made by the group refer note 31

Utkarsh CoreInvest Limited

Notes to consolidated financial statements for the year ended 31 March 2023

(All amounts are in Rupees millions unless otherwise stated)

Capital-Work-in Progress (CWIP):

As on 31 March 2023:
Ageing Schedule

	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in Progress	18.32	-	-	-	18.32
Projects temporarily suspended	-	-	-	-	-
Total	**18.32**	-	-	-	**18.32**

As on 31 March 2022:
Ageing Schedule

	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in Progress	9.20	-	-	-	9.20
Projects temporarily suspended	-	-	-	-	-
Total	**9.20**	-	-	-	**9.20**

There are no projects where the completion is overdue or has exceeded its cost compared to its original plan as at 31 March 2023 and as at 31 March 2022

9. Intangible assets

	Gross Block					Amortisation				Net Block
	As at 1 April 2022	Adjustment	Additions	Disposals	As at 31 March 2023	As at 1 April 2022	For the year	Disposals	As at 31 March 2023	As at 31 March 2023
Owned Assets										
Computer software	508.69	-	150.71	-	659.40	277.97	138.85	0.27	416.55	242.85
Right of use assets										
Core banking software	165.58	-	-	-	165.58	118.26	23.65	(0.00)	141.91	23.67
Total	**674.26**	**-**	**150.71**	**-**	**824.98**	**396.22**	**162.51**	**0.27**	**558.46**	**266.52**

	Gross Block					Amortisation				Net Block
	As at 1 April 2021	Adjustment	Additions	Disposals	As at 31 March 2022	As at 1 April 2021	For the year	Disposals	As at 31 March 2022	As at 31 March 2022
Owned Assets										
Computer software	350.67	-	158.01	-	508.69	154.96	123.00	-	277.97	230.72
Right of use assets										
Core banking software	165.58	-	-	-	165.58	94.61	23.65	-	118.26	47.32
Total	**516.25**	**-**	**158.01**	**-**	**674.26**	**249.57**	**146.66**	-	**396.22**	**278.04**

(All amounts are in Rupees millions unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
10 Other non-financial assets		
Capital advances	37.87	19.98
Staff advances	0.06	-
Prepaid expenses	107.59	271.80
Total	**145.52**	**291.78**

	As at 31 March 2023	As at 31 March 2022
11 Trade payables		
Total outstanding due to micro and small enterprises (Refer Note 45)	91.02	66.13
Total outstanding dues of creditors other than micro enterprises and small enterprises	329.09	343.03
Total	**420.11**	**409.16**

Trade payables ageing schedule

As on 31 March 2023

	Amount in CWIP for a period of						
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(I) MSME	89.96	-	1.07	-	-	-	91.02
(ii) Others	278.85	-	50.24	-	-	-	329.09
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
Total	**368.80**	-	**51.31**	-	-	-	**420.11**

As on 31 March 2022

	Amount in CWIP for a period of						
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(I) MSME	66.13	-	-	-	-	-	66.13
(ii) Others	190.36	-	152.67	-	-	-	343.03
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
Total	**256.49**	-	**152.67**	-	-	-	**409.16**

12 Borrowings (Other than Debt Securities)	As at 31 March 2023	As at 31 March 2022
At Amortised cost		
Term loans		
- from banks	-	-
- from financial institution	25,687.03	19,504.01
- from others	-	-
RBI repo	1,578.63	2,483.60
Total	**27,265.66**	**21,987.61**
Borrowings in India	27,265.66	21,987.61
Borrowings outside India	-	-
Total	**27,265.66**	**21,987.61**

Information about the group's exposure to fair value measurement and credit and market risks are included in note 40 & 41
Information about the lease liabilities is included in Note 48

Borrowings (other than debt securities)

Nature of Facility	Amount o/s	Contractual amount o/s	ROI	Date of first repayment	Terms of repayment	Date of maturity
As at 31 March 2023						
Secured Refinance from Financial Institution						
NABARD Refinance 5	1,008.07	1,000.00	9.50%	31-Aug-19	Principal Half yearly/Interest Monthly	29-Feb-24
NABARD Refinance 6	906.88	900.00	9.00%	31-Jan-20	Principal Half yearly/Interest Monthly	31-Jul-24
NABARD Refinance 7	1,208.66	1,200.00	8.50%	31-Jul-20	Principal Half yearly/Interest Monthly	31-Jan-25
NABARD Refinance 8	805.78	800.00	8.50%	31-Aug-20	Principal Half yearly/Interest Monthly	28-Feb-25
NABARD Refinance 9	2,017.93	2,000.00	8.50%	30-Sep-20	Principal Half yearly/Interest Monthly	31-Mar-25
NABARD Refinance 10	2,201.63	2,190.00	6.25%	31-Aug-22	Principal Quarterly/Interest Monthly	31-Jan-25
NABARD Refinance 11	1,468.74	1,460.00	6.30%	30-Sep-22	Principal Quarterly/Interest Monthly	28-Feb-25
NABARD Refinance 12	3,021.91	3,000.00	8.60%	30-Jun-23	Principal Quarterly/Interest Monthly	31-Mar-26
NABARD Refinance 13	2,014.61	2,000.00	8.60%	31-Aug-23	Principal Quarterly/Interest Monthly	31-May-26
NABARD Refinance 14	3,020.26	3,000.00	8.50%	30-Sep-23	Principal Quarterly/Interest Monthly	31-Dec-25
Refinance SIDBI	167.20	166.30	9.00%	10-Sep-20	Principal Quarterly/Interest Monthly	10-Apr-23
Refinance SIDBI	1,338.86	1,333.60	6.55%	10-May-22	Principal Quarterly/Interest Monthly	10-Feb-25
Refinance NHB	504.03	500.00	4.90%	1-Jul-23	Principal Quarterly/Interest Quarterly	1-Jan-30
RBI Repo						
LTRO - 6	1,578.63	1,500.00	4.00%	12-Dec-24	Bullet repayment	12-Dec-24
As at 31 March 2022						
Secured Refinance from Financial Institution						
Term loan - 3	50.71	50.00	8.75%	31-Jan-18	Half yearly	31-Jul-22
Term loan - 4	2,016.14	2,000.00	9.50%	31-Aug-19	Principal Half yearly/Interest Monthly	29-Feb-24
Term loan - 6	1,511.47	1,500.00	9.00%	31-Jan-20	Principal Half yearly/Interest Monthly	31-Jul-24
Term loan - 7	1,812.99	1,800.00	8.50%	31-Jul-20	Principal Half yearly/Interest Monthly	31-Mar-25
Term loan - 8	1,208.66	1,200.00	8.50%	31-Aug-20	Principal Half yearly/Interest Monthly	28-Feb-25
Term loan - 9	3,025.15	3,000.00	8.50%	30-Sep-20	Principal Half yearly/Interest Monthly	31-Mar-25
Term loan - 10	3,015.92	3,000.00	6.25%	31-Aug-22	Principal Half yearly/Interest Monthly	31-Jan-25

Nature of Facility	Amount o/s	Contractual amount o/s	ROI	Date of first repayment	Terms of repayment	Date of maturity
Term loan - 11	2,008.63	2,000.00	6.30%	30-Sep-22	Principal Half yearly/Interest Monthly	28-Feb-25
Term loan - 12	2,009.58	2,000.00	8.25%	2-Mar-23	Principal Bullet/Interest Monthly	2-Mar-23
Term loan - 14	837.62	833.10	9.00%	23-Mar-20	Principal Quarterly/Interest Monthly	10-Apr-23
Term loan - 15	2,007.17	2,000.00	6.55%	23-Feb-22	Principal Quarterly/Interest Monthly	10-Feb-25
RBI Repo						
LTRO - 1	133.50	120.00	5.15%	16-Feb-23	Bullet repayment	16-Feb-23
LTRO - 2	155.45	140.00	5.15%	1-Mar-23	Bullet repayment	1-Mar-23
LTRO - 3	99.93	90.00	5.15%	1-Mar-23	Bullet repayment	1-Mar-23
LTRO - 4	288.40	260.00	5.15%	7-Mar-23	Bullet repayment	7-Mar-23
LTRO - 5	288.40	260.00	5.15%	7-Mar-23	Bullet repayment	7-Mar-23
LTRO - 6	1,517.92	1,500.00	4.00%	12-Dec-24	Bullet repayment	12-Dec-24

All secured term loans were secured by way of exclusive charge on the standard assets portfolio receivables pertaining to micro credit loans and cash collateral as per the respective agreements.

Utkarsh CoreInvest Limited
Notes to consolidated financial statements for the year ended 31 March 2023
(All amounts are in Rupees millions unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
13 Deposits (at amortized cost)		
Deposits	-	-
(i) From Banks	37,673.86	28,942.52
(ii) From Others*	1,02,866.85	74,982.33
Total	**1,40,540.71**	**1,03,924.85**

* Includes deposit received from related parties refer Note no. 36 for the same

	As at 31 March 2023	As at 31 March 2022
14 Subordinated Liabilities (at amortized cost)		
Subordinated debt	2,342.01	3,837.95
Total (A)	**2,342.01**	**3,837.95**
Subordinated Liabilities in India	2,342.01	2,338.74
Subordinated Liabilities outside India	-	1,499.21
Total (B)	**2,342.01**	**3,837.95**

Concentration by location is based on the subscriber country of incorporation.
Information about the Group's exposure to fair value measurement and credit and market risks are included in Note 40 and 41.

Terms of Subordinated liabilities

Nature of Facility	Amount o/s	Contractual amount outstanding	ROI	Date of first repayment	Terms of repayment	Date of maturity
As at 31 March 2023						
Unsecured						
Redeemable non convertible debt - 14	245.88	250.00	10.58%	9-Jul-25	Bullet repayment	9-Jul-25
Redeemable non convertible debt - 15	147.38	150.00	10.58%	30-Aug-25	Bullet repayment	30-Aug-25
Redeemable non convertible debt - 16	1,948.75	1,950.00	12.50%	26-Jun-27	Bullet repayment	26-Jun-27
As at 31 March 2022						
Unsecured						
Redeemable non convertible debt - 2	1,499.21	1,500.00	12.00%	30-Jun-22	Bullet repayment	30-Jun-22
Redeemable non convertible debt - 14	244.38	250.00	10.58%	9-Jul-25	Bullet repayment	9-Jul-25
Redeemable non convertible debt - 15	146.49	150.00	10.58%	30-Aug-25	Bullet repayment	30-Aug-25
Redeemable non convertible debt - 16	1,947.87	1,950.00	12.50%	26-Jun-27	Bullet repayment	26-Jun-27

	As at 31 March 2023	As at 31 March 2022
15 Other financial liabilities		
Employee benefits payable	349.18	366.05
Security deposit from staff	87.59	91.37
Expenses payable	2,085.98	818.40
Client insurance payable	42.55	38.74
Total	**2,565.30**	**1,314.55**

	As at 31 March 2023	As at 31 March 2022
16 Provisions		
For Employee Benefits		
Provision for gratuity *	11.18	6.50
Provision for leave benefits	60.94	35.86
Allowance on impairment loss on off-book exposure **	17.33	4.86
Others	30.99	11.19
Total	**120.44**	**58.41**

* Refer note 34 for employee benefits.
** For information about allowance on impairment loss on off book exposure refer note 41.

	As at 31 March 2023	As at 31 March 2022
17 Other non-financial liabilities		
Statutory dues payable	143.42	114.88
Total	**143.42**	**114.88**

(All amounts are in Rupees millions unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
18 Share capital		
Authorised		
Equity shares		
10,00,00,000 (31 March 2022: 10,00,00,000) Equity shares of INR 10 each	1,000	1,000
Issued, subscribed and paid-up		
Equity shares		
9,84,20,960 (Previous year 9,83,29,666) equity shares of Rs. 10 each, fully paid up	984.21	983.30
Total	**984.21**	**983.30**

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

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares (in units)	Amount	Number of shares (in units)	Amount
Outstanding as at the beginning of the year	9,83,29,666	983.30	9,76,45,891	976.46
Issued during the year	91,294	0.91	6,83,775	6.84
Outstanding at the end of the year	**9,84,20,960**	**984.21**	**9,83,29,666**	**983.30**

(b) Rights, preferences and restrictions attached to equity shares

The Group has single class equity shares having a par value of INR 10 per equity share. They entitle the holders to participate in the dividends in proportion to the number of shares held.

However, as per the Shareholders Agreement, in the event of liquidation, the net proceeds shall be distributed in the following manner:

- First preference shall be given to the Investors (ABF, AGIMDC II, AVMS, CDC, FCIEF II, FCIEF III, HDFC Ergo, HDFC Life, HDFC Ltd., Hero, ICICI Pru, IFC, JIF, Lok CGF, NMI, rAPM, RBL, Sarva Capital, SFRE-SICAV-SIF, Shriram and SIDBI), shareholders which have been allotted equity shares pursuant to ESOP plan 2010 and other shareholders (other than the shareholders which have been allotted equity shares pursuant to grant of employee stock option of the Group excluding ESOP Plan 2010)

- Second preference shall be with shareholders which have been allotted equity shares pursuant to grant of employee stock options of the Group (excluding ESOP Plan 2010) and sponsors of the Group.

- Remaining shareholders shall have third preference over the residual assets of the Group at the time of liquidation.

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

Name of the equity shareholders	As at 31 March 2023		As at 31 March 2022	
	Number of shares (in units)	% of Holding	Number of shares (in units)	% of Holding
NMI Frontier Fund KS, Norway	77,02,602	7.83%	77,02,602	7.83%
British International Investment PLC (Formerly known as CDC Group PLC)	1,37,26,978	13.95%	1,37,26,978	13.96%
Faering Capital India Evolving FUND II	76,60,082	7.78%	76,60,082	7.79%
RBL Bank Limited	97,02,950	9.86%	97,02,950	9.87%
Total	**3,87,92,612**	**39.41%**	**3,87,92,612**	**39.45%**

(d) Shares reserved for issue under options - refer Note 35 for details of share to be issued under employee stock option plan

(e) Pursuant to Shareholder Agreement dated September 27, 2016 (post receipt of RBI's in-principle approval for issue of SFB licence) and subsequent amendments thereto, Mr. Govind Singh was to be issued upto three percent (3%) of the paid up share capital of the promoter company either by the promoter company or by the SFB entity on a fully diluted basis within a period of Seven (7) years from the date of commencement of banking operations i.e. upto January 22, 2024.commencement of banking operations i.e. upto January 22, 2024.

Subject to RBI approval, the Board of Directors of the Bank has, vide the resolution passed at its meeting held on January 14, 2020, read along with resolution passed by it on July 20, 2020, approved the grant of options equivalent to 0.60% of the paid up share capital of the Bank as of March 31, 2020 constituting 45,55,633 Equity Shares to Mr. Govind Singh, Managing Director and Chief Executive Officer of the Bank under the MD & CEO ESOP Plan. However, In response to the Bank's letter dated January 21, 2021 in the matter seeking RBI approval, Department of Regulation, RBI Central Office vide its reply letter dated June 9, 2021 has stated that the said remuneration proposal does not have RBI approval.

(All amounts are in Rupees millions unless otherwise stated)

		As at 31 March 2023	As at 31 March 2022
19	**Other equity**		
	Share Application money pending allotment		
	Balance as at the beginning of the year	-	33.69
	Shares issued during the year	-	(33.69)
	Amount received during the year	-	-
	Balance as at the end of the year	-	-
	Equity component of compound financial instruments		
	Balance as at the beginning of the year	(109.01)	(109.01)
	Balance as at the end of the year	**(109.01)**	**(109.01)**
	Statutory reserve		
	Balance as at the beginning of the year	1,184.72	1,097.67
	Add: Transferred from retained earnings	859.53	136.56
	Add: Transactions with Non-Controlling Interest	-	(49.51)
	Balance as at the end of the year	**2,044.25**	**1,184.72**
	Capital redemption reserve		
	Balance as at the beginning of the year	90.00	90.00
	Balance as at the end of the year	**90.00**	**90.00**
	Securities premium		
	Balance as at the beginning of the year	6,466.14	6,370.86
	Add: Transactions with Non-Controlling Interest	-	-
	Add: Transfer from stock option outstanding	13.39	95.27
	Balance as at the end of the year	**6,479.53**	**6,466.14**
	Other Equity - Fair valuation changes		
	Balance as at the beginning of the year	4,121.67	4,121.67
	Balance as at the end of the year	**4,121.67**	**4,121.67**
	Employees stock options outstanding		
	Balance as at the beginning of the year	155.71	140.52
	Add: Compensation for options granted	1.74	48.46
	Less: transfer to retained earnings	(11.00)	(6.73)
	Exercise of stock options	(3.70)	(26.54)
	Others	-	-
	Balance as at the end of the year	**142.75**	**155.71**
	Investment fluctuation reserve		
	Balance as at the beginning of the year	65.95	169.22
	Add: transfer from retained earnings	(15.26)	(96.28)
	Add: Transactions with Non-Controlling Interest	-	(6.98)
	Balance as at the end of the year	**50.69**	**65.95**

	As at 31 March 2021	As at 31 March 2020
Treasury shares		
Balance as at the beginning of the year	(2.46)	(3.17)
Treasury shares exercised during the year	0.01	0.71
Balance as at the end of the year	**(2.45)**	**(2.46)**
Retained earnings		
Balance as at the beginning of the year	444.21	(768.04)
Add: Profit for the year	4,696.93	539.59
Add: Amount transferred to various reserves	(833.23)	(35.56)
Share issue expenses	-	-
Transactions with Non controlling interest	6.78	708.23
Balance as at the end of the year	**4,314.69**	**444.21**
Debt instruments through other comprehensive income		
Balance as at the beginning of the year	(147.01)	28.47
Other comprehensive income for the year	(311.67)	(177.55)
Transactions with Non-Controlling Interest	-	2.07
Balance as at the end of the year	**(458.68)**	**(147.01)**
Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss		
Balance as at the beginning of the year	(160.62)	(160.62)
Total Comprehensive Income for the year	-	-
Balance as at the end of the year	**(160.62)**	**(160.62)**
Remeasurement of defined benefit plans ((gain)/loss)		
Balance as at the beginning of the year	(6.18)	(10.76)
Other comprehensive income for the year	2.84	4.50
Transactions with Non-Controlling Interest	-	0.08
Balance as at the end of the year	**(3.34)**	**(6.18)**
Capital reserve		
Balance as at the beginning of the year	76.48	78.66
Additions during the year	(0.03)	(2.18)
Balance as at the end of the year	**76.45**	**76.48**
Non-controlling interest		
Balance as at the beginning of the year	2,283.38	1,340.61
Other comprehensive income for the year	785.64	55.60
Purchase of Non controlling interest	8.68	823.54
Transfer from retained earnings	-	-
ESOP reserve of subsidiary	116.80	63.63
Balance as at the end of the year	**3,194.50**	**2,283.38**
Total	**19,780.42**	**14,462.98**

Nature and purpose of other reserve :

Share Application money pending allotment

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

Equity component of financial instruments

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

Statutory reserve

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

The Group has made an appropriation of 25% out of profits for the year ended March 31, 2023 to the Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949."

Capital Redemption Reserve

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

Securities premium

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

Other Equity - Fair valuation changes

The said reserve represents the premium amount paid by the shareholders transferred on account of reclassification of equity share capital as financial liabilities as at 31 March 2018 and 1 April 2017.

ESOP Reserve

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

Investment fluctuation reserve

As per the notification issued by Reserve Bank of India on Investment Fluctuation Reserve (IFR) on April 02, 2018, the Group is required to create reserve of at least 2% of the HFT and AFS portfolio, on continuing basis. Notification further says that this should be achieved within a period of 3 years. As per the policy, the Group is required to create Investment Fluctuation Reserve within 2 years starting from financial year 2018-19. The Group has created Investment Fluctuation Reserve at 2% on HFT & AFS portfolio. Any adjustment (drawdown) to the reserve due to change in HFT & AFS portfolio is permitted only at the end of the accounting year.

Treasury shares

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

Retained Earnings

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

Debt instruments through other comprehensive income

This comprises changes in the fair value of debt instruments recognised in other comprehensive income and accumulated within equity. The Group transfers amounts from such component of equity to retained earnings when the relevant debt instruments are derecognised.

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

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

Remeasurement of defined benefit plans

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

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

Capital Reserve

The amount relates to profit on sale of HTM securities as stated by RBI guidelines.

Non-controlling interest

The said amount represents non-controlling interest in the subsidiaries.

(All amounts are in Rupees millions unless otherwise stated)

	For the year ended 31 March 2023		For the year ended 31 March 2022	
	On Financial Instruments measured at Fair value through OCI	On Financial Instruments measured at Amortised Cost	On Financial Instruments measured at Fair value through OCI	On Financial Instruments measured at Amortised Cost
20 Interest Income				
Interest income on loan portfolio	-	24,895.72	-	17,453.81
Interest income on fixed deposits	-	2.37	-	5.83
Interest income on investments	1,573.03	-	1,663.35	-
Others (Interest on RBI Reverse Repo, TREPS Reverse Repo, Call / Term Lending)	-	759.49	-	483.92
Total	**1,573.03**	**25,657.58**	**1,663.35**	**17,943.56**

	For the year ended 31 March 2023	For the year ended 31 March 2022
21 Fees and commission income		
ATM interchange - acquirer fees	27.03	25.30
Insurance commission	189.21	141.68
Others	0.87	2.35
	217.11	**169.33**
22 Other income		
Foreign exchange gain	-	1.59
Miscellaneous income *	1,934.20	1,170.19
Total	**1,934.20**	**1,171.78**
* Includes fee received on sale of PSLCs of INR 961.44 (31 March 2022: INR 647.65)		

	For the year ended 31 March 2023		For the year ended 31 March 2022	
	On Financial Instruments measured at Fair value through OCI	On Financial Instruments measured at Amortised Cost	On Financial Instruments measured at Fair value through OCI	On Financial Instruments measured at Amortised Cost
23 Finance costs				
Interest on deposits	-	7,814.62	-	5,729.85
Interest on borrowings	-	2,097.03	-	1,650.15
Interest on subordinated debt	-	335.47	-	473.73
Other borrowing costs	-	-	-	139.29
Total	-	**10,247.12**	-	**7,993.02**

	For the year ended 31 March 2023	For the year ended 31 March 2022
24 Fees and commission expenses		
ATM interchange - issuer fees	102.20	53.50
Commission on business correspondent	259.80	197.95
Total	**362.00**	**251.45**

(All amounts are in Rupees millions unless otherwise stated)

	For the year ended 31 March 2023	For the year ended 31 March 2021
25 Net (gain)/loss on fair value changes		
Derivative instruments	-	4.45
Reclassified from OCI for sale of investments	14.89	28.36
Net (gain)/loss on fair value changes	**14.89**	**32.81**
Fair value changes :		
- Realised	14.89	32.81
- Unrealised	-	-
Total	**14.89**	**32.81**

	For the year ended 31 March 2023		For the year ended 31 March 2022	
	On Financial Instruments measured at Fair value through OCI	On Financial Instruments measured at Amortised Cost	On Financial Assets measured at fair value through OCI	On Financial assets measured at Amortised Cost
26 Impairment on financial instruments				
Loans	-	2,238.94	-	4,382.51
Investments	7.65	13.53	152.36	3.80
Other assets	-	1.29	-	(0.14)
Total	**7.65**	**2,253.76**	**152.36**	**4,386.17**

For information about impairment on financial instruments refer note 41

	For the year ended 31 March 2023	For the year ended 31 March 2022
27 Employee benefit expenses		
Salaries and wages	5,095.74	3,878.32
Contribution to provident and other funds	427.15	337.50
Share Based Payments to employees	126.17	109.57
Staff welfare expenses	78.70	47.18
Total	**5,727.76**	**4,372.57**
Refer note 34 for employee benefits.		
28 Depreciation and amortisation		
Depreciation of property, plant and equipment	579.77	678.85
Amortisation of intangible assets	162.50	146.66
Total	**742.27**	**825.51**

	For the year ended 31 March 2023	For the year ended 31 March 2022
29 Other expenses		
Modification loss on financial instruments	-	166.47
Repairs and maintenance	66.70	41.10
Contribution towards Corporate Social Responsibilities (refer Note 46)	32.60	0.50
Legal and professional charges	182.94	133.71
Auditor's fees and expenses (Refer Note 30)	20.15	17.25
Subscription and membership expenses	7.46	8.25
Recruitment expenses	44.79	27.35
Insurance	116.36	78.39
Director sitting fees	24.01	23.71
Rent	15.20	2.88
Travelling expenses	218.68	126.21
Printing and stationery	125.08	109.92
Communication expenses	235.52	198.22
Credit bureau expenses	25.83	13.83
Power and fuel	143.80	109.62
Provision against unreconciled balances	19.81	3.63
Office maintenance	130.39	86.18
Software charges	504.65	447.68
Loss on sale of investment (Utkarsh Welfare Foundation)	-	7.19
Miscellaneous expenses	798.49	520.81
Total	**2,712.46**	**2,122.90**
30 Payment to Auditors		
Statutory audit fees	18.20	15.08
Certification and other services	0.10	1.95
Reimbursement of expenses	1.85	0.22
Total	**20.15**	**17.25**

(All amounts are in Rupees millions unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
31 Contingent Liabilities, commitments and contingent assets		
A. Contingent liabilities and capital commitments		
(i) Claims not acknowledged as debts	196.53	137.47
(ii) Other items for which the group is contingently liable *	3,344.21	551.41
Total	**3,540.74**	**688.88**

* Includes capital commitments of INR 306.59 (31 March 2022: INR 378.11) and Bank Guarantee of INR 255.11 (31 March 2022: 173.30).

Claims against the company not acknowledged as debts in respect of Income Tax is INR 196.53 (31 March 2022: INR 137.47).

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

B. Commitments

There are no other commitments as at 31 March 2023 and 31 March 2022.

C. Contingent assets

There are no contingent assets as at 31 March 2023 and 31 March 2022.

(All amounts are in Rupees millions unless otherwise stated)

32 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

	As at 31 March 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	21,273.08	3,852.56	25,125.64	18,682.82	-	18,682.82
Bank balance other than above	4.43	36.88	41.31	3.89	32.96	36.85
Derivative financial instruments	-	-	-	-	-	-
Loans	71,576.02	63,911.93	1,35,487.95	53,898.33	45,535.75	99,434.08
Investments	16,064.52	11,897.98	27,962.50	13,991.42	9,293.04	23,284.46
Other financial assets	1,205.17	664.76	1,869.93	921.79	141.64	1,063.43
Non-financial assets						
Current tax assets (net)	-	190.47	190.47	-	527.01	527.01
Deferred tax assets (net)	-	883.56	883.56	-	1,283.57	1,283.57
Property, plant and equipment	-	5,165.24	5,165.24	-	4,429.20	4,429.20
Capital work-in-progress	-	18.32	18.32	-	9.20	9.20
Other intangible assets	-	266.52	266.52	-	278.04	278.04
Other non-financial assets	38.51	107.01	145.52	252.59	39.19	291.78
Total Assets	**1,10,161.74**	**86,995.23**	**1,97,156.96**	**87,750.83**	**61,569.62**	**1,49,320.45**
Liabilities						
Financial liabilities						
Trade payables						
- Total outstanding due to micro and small enterprises	91.02	-	91.02	66.13	-	66.13
- Total outstanding dues of creditors other than micro enterprises and small enterprises	329.09	-	329.09	343.03	-	343.03
Borrowings (other than debt securities)	14,961.22	12,304.44	27,265.66	9,437.71	12,549.90	21,987.61
Lease liability	686.98	2,223.99	2,910.98	533.28	1,693.46	2,226.74
Deposits	71,263.52	69,277.19	1,40,540.71	63,947.70	39,977.15	1,03,924.85
Subordinated liabilities	4.01	2,338.00	2,342.01	1,504.50	2,333.45	3,837.95
Other financial liabilities	2,836.79	(271.49)	2,565.30	1,154.00	160.56	1,314.56
Non-financial liabilities				-		
Current tax liabilities (net)	83.70	-	83.70	-	-	-
Provisions	-	120.44	120.44	-	58.41	58.41
Deferred tax liabilities (net)	-	-	-	-	-	-
Other non-financial liabilities	143.42	-	143.42	114.88	-	114.88
Total Liabilities	**90,399.75**	**85,992.56**	**1,76,392.32**	**77,101.24**	**56,772.94**	**1,33,874.18**
Net	**19,761.99**	**1,002.67**	**20,764.64**	**10,649.59**	**4,796.68**	**15,446.27**

33 Change in liabilities arising from financing activities

Particulars	As at 1 April 2022	Cashflows	Other non-cash adjustments	As at 31 March 2023
Deposits	1,03,924.85	36,615.66	0.20	1,40,540.71
Borrowings (other than debt securities)	21,987.61	5,498.40	(220.35)	27,265.66
Lease liability	2,226.74	(541.96)	1,226.19	2,910.98
Subordinated liabilities	3,837.95	(1,500.49)	4.55	2,342.01
Total Liabilities from financing activities	**1,31,977.16**	**40,071.62**	**1,010.59**	**1,73,059.36**

Particulars	As at 1 April 2021	Cashflows	Other non-cash adjustments	As at 31 March 2022
Deposits	77,406.45	26,518.93	(0.53)	1,03,924.85
Borrowings (other than debt securities)	22,278.72	113.80	(404.91)	21,987.61
Lease liability	2,081.19	(420.45)	566.00	2,226.74
Subordinated liabilities	3,830.25	(0.00)	7.70	3,837.95
Total Liabilities from financing activities	**1,05,596.62**	**26,212.27**	**168.26**	**1,31,977.16**

(All amounts are in Rupees millions unless otherwise stated)

34 Employee benefits

The Group operates the following post-employment plans -

i) Defined Benefit plan

Gratuity

Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with the payment of Gratuity Act, 1972. The same is payable at the time of separation from the Group or retirement, whichever is earlier.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2023. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Group's financial statements as at balance sheet date:

	As at 31 March 2023	As at 31 March 2022
Net defined benefit liability / (asset)	11.18	6.50

A) Funding

The scheme is fully funded with Life Insurance Corporation of India (LIC). The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in Section E below. Employees do not contribute to the plan.

Expected contributions to gratuity plan for the year ending 31 March 2023 is INR 71.49 (31 March 2022 - INR 52.41).

B) Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset)/ liability and its components:

	As at 31 March 2023			As at 31 March 2022		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset) / liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset) / liability
Balance at the beginning of the year	195.97	189.47	6.50	158.88	147.80	11.08
Included in profit or loss			-			-
Current service cost	54.18	-	54.18	47.63	-	47.63
Past Service credit	-	-	-	-	-	-
Interest cost (income)	11.26	11.03	0.23	7.80	7.25	0.54
Total (A)	**65.44**	**11.03**	**54.41**	**55.42**	**7.25**	**48.17**
Included in Other comprehensive income						
Remeasurements loss (gain)						
- Actuarial loss (gain) arising from:						
- demographic assumptions	-	-	-	-	-	-
- financial assumptions	(1.46)	-	(1.46)	(8.18)	-	(8.18)
- experience adjustment	(3.85)	-	(3.85)	3.92	-	3.92
- Return on plan assets excluding interest income	-	1.20	(1.20)	-	2.67	(2.67)
Total (B)	**(5.31)**	**1.20**	**(6.51)**	**(4.26)**	**2.67**	**(6.93)**

	As at 31 March 2023			As at 31 March 2022		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset) / liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset) / liability
Other						
Contributions paid by the employer	-	40.65	(40.65)	-	48.70	(48.70)
Benefits paid	-	(20.49)	20.49	-	(16.95)	16.95
Benefits paid from revenue account of the Group	(23.06)	-	(23.06)	(14.07)	-	(14.07)
Total (C)	**(23.06)**	**20.16**	**(43.22)**	**(14.07)**	**31.74**	**(45.82)**
Balance at the end of the year	**233.04**	**221.86**	**11.18**	**195.97**	**189.47**	**6.50**

	For the year ended 31 March 2023	For the year ended 31 March 2022
Gratuity Expenses	54.41	48.17

For detailed Break up please refer column 'Net defined benefit (asset)/ liability' in the above table

C. Plan assets

	As at 31 March 2023	As at 31 March 2022
Insurer managed funds	100%	100%

The group has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the group is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

D. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	For the year ended 31 March 2023	For the year ended 31 March 2022
Discount rate	7.25%	5.75%
Future salary growth	7% for first two years and 9% thereafter	7% for first two years and 9% thereafter
Withdrawal rate:		
For management	12% - 13.10%	12% - 13.10%
For junior staff	31.90%	31.90%
Mortality	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

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 takes into account the inflation, seniority, promotion.

E. Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	As at 31 March 2023		As at 31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(11.09)	12.25	(9.32)	10.31
Future salary growth (1% movement)	11.72	10.75	9.92	9.05

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

F. Expected maturity analysis of the defined benefit plans in future years

	As at 31 March 2023	As at 31 March 2022
(i) Duration of defined benefit obligation		
Duration (Years)		
0-1 years	43.81	36.75
1 to 5 years	141.18	115.55
More than 5	178.56	122.36
Total	**363.55**	**274.66**
(ii) Weighted Average duration of the defined benefit obligation	5-6 years	4-7 years

G. Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such group is exposed to various risks as follow -

Investment risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Interest risk (discount rate risk)

Interest Rate risk: The plan exposes the group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Mortality Risk

"The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For the current year, we have used Indian Assured Lives Mortality (2012-14) ultimate table and in the previous year, Indian Assured Lives Mortality (2006-08) had been used.

A change in mortality rate will have a bearing on the plan's liability."

Salary Risk

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

ii. Defined contribution plan

The Group makes monthly contribution towards Provident Fund which is a defined contribution plan. The Group has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as expense towards such contribution are as follows:

	As at 31 March 2023	As at 31 March 2022
Contribution to Provident Fund and other funds	427.15	337.50

iii. Other long-term benefits

The Group provides compensated absences benefits to the employees of the Group which can be carried forward to future years. Amount recognised in the Statement of Profit and Loss for compensated absences is as under-

	Year ended 31 March 2023	Year ended 31 March 2022
Amount recognised in Statement of Profit and Loss	77.52	39.13

(All amounts are in Rupees millions unless otherwise stated)

35 Employee stock options

A Description of share-based payment arrangements

The Group has formulated an Employees Stock Option Scheme to be administered through a Trust. The Scheme is applicable to all the eligible employees of the Group. The scheme provides that subject to continued employment with the Group, the employees are granted an option to acquire equity shares of the Group that may be exercised within a specified period.

The Group formed Utkarsh ESOP Welfare Trust ('Trust') to issue ESOPs to employees of the Group as per Employee Stock Option Scheme. Total 1,200,000 equity shares has been reserved under ESOP scheme 2016 and pursuant to Shareholder agreement executed in the year 2016-17 additional 5,989,594 equity shares has been reserved for the purpose of ESOP scheme. The Group has given interest and collateral free loan to the trust, to provide financial assistance to purchase equity shares of the Group under such schemes.

The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the compensation committee. The Trust in turn allots the shares to employees on exercise of their right against cash. The compensation costs of stock options granted to employees are accounted by the Company using fair value method.

The Trust does not have any transactions/activities other than those mentioned above, hence it is treated as a part of the Group and gets consolidated with the books of the Group.

The Group granted 30,000 (31 March 2022: 58,000) options to the employees of the Group.

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

The said ESOP scheme is an equity settled scheme as the same would lead to a settlement in its own equity instruments.

These options shall vest on graded basis as follows:

Time period	Percentage	Vesting condition
On completion of 1 year	25%	Service
On completion of 2 years	25%	Service
On completion of 3 years	25%	Service
On completion of 4 years	25%	Service

B Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan

	31 March 2023		31 March 2022	
	Number of share options (in Units)	Average exercise price per share	Number of share options (in Units)	Average exercise price per share
Outstanding options at the beginning of the year	37,13,085	116.32	49,55,238	113.29
Add: Granted during the year	30,000	125.00	30,000	125.00
Add: Granted during the year with Grant effective date pertaining to FY 20-21	-	-	28,000	125.00
Add: Adjustment of previous year (negative impact)	2,32,936	103.66		
Less: Lapsed/forfeited during the year	8,74,063	111.97	4,44,404	114.43
Less: Exercised during the year	1,05,091	109.89	7,41,297	101.63
Less: Adjustment of previous year	-	-	1,14,452	92.19
Outstanding options at the end of the year	**29,96,867**	**115.67**	**37,13,085**	**116.32**
Options vested and exercisable at the end of the year	18,94,256	115.04	13,19,425	114.03

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2023 was 109.89 (31 March 2022: INR 101.63).

C Share options outstanding at the end of the year have the following contractual expiry date and exercise options

Grant date	Expiry date	Exercise price	No. of options outstanding	
			As at 31 March 2023	As at 31 March 2022
1 April 2014	1 April 2016 - 1 April 2019	21.60	-	-
1 April 2015	1 April 2017 - 1 April 2020	21.60	-	-
1 April 2016	1 April 2018 - 1 April 2021	21.60	-	-
1 April 2017	1 April 2019 - 1 April 2022	109.36	1,04,744	1,28,616
1 April 2018	1 April 2020 - 1 April 2023	109.36	5,04,988	5,83,580
1 April 2019	1 April 2021 - 1 April 2024	109.36	5,250	10,500
1 June 2019	1 June 2021 - 1 June 2024	109.36	9,33,967	13,38,031
9 Dec 2019	9 Dec 2021 - 9 Dec 2024	125.00	45,000	50,000
1 Oct 2020	1 Oct 2022 - 1 Oct 2025	125.00	13,42,918	15,72,358
1 April 2021	1 April 2023 - 1 April 2026	125.00	30,000	30,000
1 April 2022	1 April 2024 - 1 April 2027	125.00	30,000	-
Weighted average remaining contractual life of options outstanding at the end of the period			2.55 years	4.43 years

D **Measurement of Fair values**

The fair value of employee share options has been measured using Black-Scholes model. The weighted average fair value of each option on the grant date ranged between INR 9.54 - 88.30

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Grant date	Expiry date	Historical volatility	Exercise price	Share price	Risk free rate	Fair value
1 April 2014	1 April 2016 - 1 April 2019	33.83%	21.6	28.72	8.81%	11.57 - 16.12
1 April 2015	1 April 2017 - 1 April 2020	43.09%	21.6	45.51	7.74%	27.54 - 32.21
1 April 2016	1 April 2018 - 1 April 2021	52.41%	21.6	71.4	7.46%	53.15 - 57.95
1 April 2017	1 April 2019 - 1 April 2022	30.91%	109.36	82.19	6.68%	9.54 - 23.70
1 April 2018	1 April 2020 - 1 April 2023	29.51%	109.36	107.19	7.40%	23.88 - 42.55
1 June 2019	1 June 2021 - 1 June 2024	19.60%	109.36	132.13	7.03%	49.31 - 67.99
1 Oct 2020	1 Oct 2022 - 1 Oct 2025	47.00%	125.00	131.59	5.55%	50.10 - 65.77
1 April 2021	1 April 2023 - 1 April 2026	49.30%	125.00	142.50	5.80%	53.60 - 77.00
1 April 2022	1 April 2024 - 1 April 2027	49.10%	125.00	155.20	5.20%	60.00 - 88.30

The dividend yield has been taken as 0% in all the fair value calculations as Group has never distributed dividend in the past and does not intend to distribute its earnings in the foreseeable future.

E **Expense recognised in statement of profit and loss**

For details on the employee benefits expense, refer Note 27

F **Options granted by the subsidiary Utkarsh Small Finance Bank Limited ('the Bank')**

Description of share-based payment arrangements

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

"The bank received approval from RBI on 31st August 2021 for remuneration of MD & CEO for FY 2019-20 wherein non cash component of variable pay of Rs. 1 million was approved and was paid by way of grant of 71,377 options out of banks shares with effect from 28 December 2020 being the date of approval of Banks ESOP Scheme. The Bank received approval for remuneration to MD & CEO for financial year 2020-21 from RBI on 12 January 2022 advising to defer non-cash component over next 3 years in 3 equal instalments of 33.33% each. Further, 50% of cash component to be paid upfront and remaining 50% to be deferred in next 3 years in equal instalments. Accordingly, the Bank has granted 456,817 ESOPs to MD & CEO at Rs. 14.01 per share w. e. f 12 January 2022 with vesting over next three years in equal proportion i.e. 33.33% each year. However, Bank has received another letter from RBI on 28 July 2022 wherein non cash component has been revised. It is also advised to adjust the excess grant of non-cash component in the next tranche itself. Accordingly, bank has revised the options granted to MD & CEO w.e.f 12 January 2022 to 221,270 options with vesting over next two year with the proportion of 69% and 31%.

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

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

The options vested can be exercised within a period of 24 months from the date of vesting. The said ESOP scheme is an equity settled scheme as the same would lead to a settlement in its own equity instruments.

These options shall vest on graded basis as follows:

Time period	Percentage	Grant dated 22 January 2022	Other grant	
On completion of 1 year	25%	69.00%	33.33%	Service
On completion of 2 years	25%	31.00%	33.33%	Service
On completion of 3 years	25%	-	33.33%	Service
On completion of 4 years	25%	-	-	Service

Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan

Particulars	31 March 2023		31 March 2022	
	Number of share options (in Units)	Average exercise price per share	Number of share options (in Units)	Average exercise price per share
Outstanding options at the beginning of the year	1,43,22,600	27.00	-	-
Add: Granted during the year	1,80,82,976	27.32	1,61,63,317	26.57
Add: Granted during the year with Grant effective date pertaining to FY 20-21	-	-	71,377	14.01
Less: Lapsed/forfeited during the year	24,01,125	27.04	18,94,250	27.00
Less: Exercised during the year	3,83,141	21.23	17,844	14.01
Less: Adjustment of previous year	2,35,546	14.01	-	
Outstanding options at the end of the year	**2,93,85,764**	**27.16**	**1,43,22,600**	**27.00**
Options vested and exercisable at the end of the year	28,71,225	26.93	-	-

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2023 was 14.01 (31 March 2022: INR 14.01).

Share options outstanding at the end of the year have the following contractual expiry date and exercise options

Grant date	Expiry date	Exercise price	No of options outstanding	
			As at 31 March 2023	As at 31 March 2022
28 December 2020	28 Dec 2023 - 28 Dec 2026	14.01	35,689.00	53,533.00
1 August 2021	1 Aug 24 - 1 Aug 2027	27.00	1,20,17,600.00	1,37,17,250.00
1 October 2021	1 Oct 2024 - 1 Oct 2027	30.00	15,000.00	15,000.00
18 October 2021	18 Oct 2024 - 18 Oct 2027	31.80	20,000.00	20,000.00
8 November 2021	8 Nov 2024 - 8 Nov 2027	31.80	20,000.00	20,000.00
1 January 2022	1 Jan 2025 - 1 Jan 2028	31.80	20,000.00	40,000.00
12 January 2022	12 Jan 2025 - 12 Jan 2028	14.01	68,999	4,56,817
1 April 2022	1 April 2025 - 1 April 2028	31.80	60,000	-
7 April 2022	7 April 2025 - 7 April 2028	31.80	20,000	-
2 May 2022	2 May 2025 - 2 May 2028	31.80	20,000	-
16 July 2022	16 July 2025 - 16 July 2028	31.80	25,000	-
1 August 2022	1 Aug 2025 - 1 Aug 2028	27.00	1,58,77,250	-
17 Sep 2022	17 Sep 2025 - 17 Sep 2027	31.80	6,26,226	-
30 Sep 2022	30 Sep 2025 -30 Sep 2028	31.80	2,00,000	-
13 Oct 2022	13 Oct 2025 -13 Oct 2028	27.00	1,20,000	-
2 Jan 2023	2 Jan 2026 - 2 Jan 2029	31.80	35,000	-
1 Feb 2023	1 Feb 2026 - 1 Feb 2029	31.80	1,30,000	-
20 Mar 2023	20 Mar 2023 - 20 Mar 2029	31.80	75,000	-

Weighted average remaining contractual life of options outstanding at the end of the period 4.91 years 4.00 years

Measurement of Fair values

The fair value of employee share options has been measured using Black-Scholes model. The weighted average fair value of each option on the grant date ranged between INR 11.44 - 17.00

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are as follows:

Grant date	Expiry date	Historical volatility	No. of options outstanding			
			Exercise price	Share price	Risk free rate	Fair value
28 December 2020	28 Dec 2023 - 28 Dec 2026	52.20%	14.01	10	4.10%	15.15 - 18.52
1 August 2021 to 1 January 2022	1 Aug 2024 - 1 Jan 2028	49.80%	27.00 to 31.80	10	4.48%	11.44 - 17.00
12 January 2022	12 Jan 2025 - 12 Jan 2028	49.80%	14.01	10	4.48%	11.44 - 17.00
1 August 2022 to 20 March 2023	1 Aug 2025 - 20 Mar 2029	49.30%	27.00 to 31.80	10	7.04%	9.03 - 14.94
17 September 2022	17 Sep 2025 - 17 Sep 2027	48.50%	31.80	10	7.06%	6.92 - 11.87

The dividend yield has been taken as 0% in all the fair value calculations as the Bank has never distributed dividend in the past and does not intend to distribute its earnings in the foreseeable future.

(All amounts are in Rupees millions unless otherwise stated)

36 Related party disclosure

i. Name of the related party and nature of relationship:-

A. Name of the Related Party

		Nature of Relationship
a.	**Key managerial personnel / Others**	
i	Mr. Ashwani Kumar	- Managing Director & CEO (w.e.f. 19 March 2019)
ii	Mr. G.S. Sundararajan	- Independent Director
iii	Mr. Gaurav Malhotra	- Nominee Director (ceased to be director w.e.f. 25 August 2022)
iv	Mr. Atul	- Independent Director
v	Mr. T. K. Ramesh Ramanathan	- Nominee Director (w.e.f. 16 July 2022)
vi	Mr. Harjeet Toor	- Nominee Director (ceased to be director w.e.f. 23 June 2022)
vii	Mr. Aditya Deepak Parekh	- Nominee Director
viii	British International Investment PLC (Formerly known as CDC Group PLC)	- Investor (holding more than 10% equity share capital)

B. Compensation of key managerial personnel

	As at 31 March 2023	As at 31 March 2022
Short-term employee benefits		
Ashwani Kumar	5.11	4.84
GS Sundararajan	1.06	0.85
Post-employment defined benefit plan		
Ashwani Kumar	0.84	0.71
Other long term benefits		
Ashwani Kumar	0.97	0.86
Share-based payments		
Ashwani Kumar	0.53	0.38
Sitting fees		
G S Sundararajan	0.90	0.74
Atul	0.83	0.67
	10.25	**9.07**

Terms and conditions

All transactions with these related parties are priced on an arm's length basis and at normal commercial terms.

C. Transactions with related parties

	As at 31 March 2023	As at 31 March 2022
British International Investment PLC (Formerly known as CDC Group PLC): Interest expense	44.88	181.50
Key Managerial Personnel: Purchase of Securities	-	0.07
Bank deposits		
Mr. Ashwani Kumar	5.78	9.39
Mr. Atul	-	-
Mr. Aditya Deepak Parekh	0.00	0.00

Terms and conditions

All transactions with these related parties are priced on an arm's length basis and at normal commercial terms.

D. (Payable) / receivables as at balance sheet date:

Name of related party	As at 31 March 2023	As at 31 March 2022
i. British International Investment PLC (Formerly known as CDC Group PLC)		
Debt securities issued to British International Investment PLC	-	1,499.21
ii. Mr. Ashwani Kumar		
Saving bank deposits	2.92	0.72
Fixed deposits	0.01	0.01
iii. Mr. Atul		
Saving bank deposits	-	-
iv. Mr. Aditya Deepak Parekh		
Saving bank deposits	0.00	0.00
v. Mr. G S Sundararajan		
Fixed deposits	10.07	10.96

(All amounts are in Rupees millions unless otherwise stated)

37. Earnings per share

Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
a) Basic earning per share			
Profit/(Loss) after tax		5,538.04	622.13
Weighted average number of equity shares outstanding during the year – Basic	Nos.	9,81,11,039	9,78,35,171
b) Diluted earning per share			
Adjusted net profit/(loss) for the year		5,538.04	622.13
Weighted average number of equity shares outstanding during the year – Basic	Nos.	9,81,11,039	9,78,35,171
Add: Weighted average number of potential equity shares on account of employee stock options	Nos.	9,94,742	6,97,515
Weighted average number of equity shares outstanding during the year – Diluted	Nos.	9,91,05,781	9,85,32,686
Earnings per share			
Basic – par value of Rs.10 each	INR	56.45	6.36
Diluted - par value of Rs.10 each	INR	55.88	6.31

38 Operating segments

The Board has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, “Operating Segments.” The Group's operating segments are established in the manner consistent with the components of the Group that are evaluated regularly by the Chief Operating Decision Maker as defined in 'Ind AS 108 - Operating Segments.' The Group is engaged primarily in the business of banking and there are no separate reportable segments as per Ind AS 108.

a. Information about products and services:

The Group deals in only one product i.e. granted loans to customers. Hence, no separate disclosure is required.

b. Information about geographical areas:

The entire sales of the Group are made to customers which are domiciled in India. Also, all the assets of the Group are located in India.

c. Information about major customers (from external customers):

The Group does not earn revenues from the customers which amount to 10 per cent or more of Group’s revenues

39 Transfers of financial assets

“In the ordinary course of business, the Group enters into transactions that result in the transfer of loans and advances. In accordance with the accounting policy set out in Note 2, the transferred financial assets continue to be recognised in their entirety or to the extent of the Group's continuing involvement, or are derecognised in their entirety."

(All amounts are in Rupees millions unless otherwise stated)

40 Financial instruments - fair value and risk management

A. Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

Particulars	As at 31 March 2023		
	FVTPL	FVTOCI	Amortised cost
Financial assets:			
Cash and cash equivalents	-	-	25,125.64
Bank balance other than above	-	-	41.31
Derivative financial instruments	-	-	-
Loans	-	-	1,35,487.95
Investments	-	27,962.50	-
Other financial assets	-	-	1,869.93
	-	**27,962.50**	**1,62,524.83**
Financial liabilities:			
Trade payables	-	-	420.11
Borrowings (other than debt securities)	-	-	27,265.66
Lease liability	-	-	2,910.98
Deposits	-	-	1,40,540.71
Subordinated liabilities	-	-	2,342.01
Other financial liabilities	-	-	2,565.30
	-	-	**1,76,044.77**

Particulars	As at 31 March 2022		
	FVTPL	FVTOCI	Amortised cost
Financial assets:			
Cash and cash equivalents	-	-	18,682.82
Bank balance other than above	-	-	36.85
Loans	-	-	99,434.08
Investments	-	23,284.46	-
Other financial assets	-	-	1,063.43
	-	**23,284.46**	**1,19,217.19**
Financial liabilities:			
Trade payables	-	-	409.16
Borrowings (other than debt securities)	-	-	21,987.61
Lease liability	-	-	2,226.74
Deposits	-	-	1,03,924.85
Subordinated liabilities	-	-	3,837.95
Other financial liabilities	-	-	1,314.55
	-	-	**1,33,700.87**

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table. During the year there were no transfer between Level 1 and Level 2. Similarly, there were no transfers from or transfer to Level 3.

Financial assets measured at fair value - recurring fair value measurements

As at 31 March 2023	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments	-	27,962.50	-	27,962.50
	-	**27,962.50**	-	**27,962.50**

As at 31 March 2022	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments	-	23,284.46	-	23,284.46
	-	**23,284.46**	-	**23,284.46**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31 March 2023	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	25,125.64	-	-	25,125.64	25,125.64
Bank balance other than above	41.31	-	-	41.31	41.31
Loans	1,35,487.95	-	-	1,35,126.75	1,35,126.75
Other financial assets	1,869.93	-	-	1,869.93	1,869.93
	1,62,524.83	-	-	**1,62,163.63**	**1,62,163.63**
Financial liabilities:					
Trade payables	420.11	-	-	420.11	420.11
Borrowings (other than debt securities)	27,265.66	-	-	20,848.17	20,848.17
Lease liability	2,910.98	-	-	2,910.98	2,910.98
Deposits	1,40,540.71	-	-	1,40,964.45	1,40,964.45
Subordinated liabilities	2,342.01	-	-	2,375.85	2,375.85
Other financial liabilities	2,565.30	-	-	2,982.11	2,982.11
	1,76,044.77	-	-	**1,70,501.66**	**1,70,501.66**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31 March 2022	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	18,682.82	-	-	18,682.82	18,682.82
Bank balance other than above	36.85	-	-	36.85	36.85
Loans	99,434.08	-	-	99,435.73	99,435.73
Other financial assets	1,063.43	-	-	1,063.43	1,063.43
	1,19,217.19	-	-	**1,19,218.84**	**1,19,218.84**
Financial liabilities:					
Trade payables	409.16	-	-	409.16	409.16
Borrowings (other than debt securities)	21,987.61	-	-	22,371.84	22,371.84
Lease liability	2,226.74	-	-	2,226.74	2,226.74
Deposits	1,03,924.85	-	-	1,03,924.85	1,03,924.85
Subordinated liabilities	3,837.95	-	-	3,878.21	3,878.21
Other financial liabilities	1,314.55	-	-	1,314.55	1,314.55
	1,33,700.87	-	-	**1,34,125.36**	**1,34,125.36**

C. Valuation framework

The finance department of the group relies on external valuers to perform the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. Discussions of valuation processes and results are held between the CFO and the external valuer at every twelve months, in line with the group's annual reporting periods. Specific controls include:

- verification of observable pricing
- re-performance of model valuations
- review and approval process for new models and changes to models
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments.

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Group develops Level 3 inputs based on the best information available in the circumstances.

Valuation techniques include net present value and discounted cash flow models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models to determine the fair value of common and simple financial instruments, that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for OTC derivatives such as forward rate agreements. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values.

Financial instruments valued at carrying value

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include cash in hand, balances with other banks, trade receivables, trade payables and certain other financial assets and liabilities. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

41 Financial risk management

The group's activities exposure it to credit risk, liquidity risk, market risk and operational risk.

A. Risk management framework

(a) Risk management structure and group's risk profile

The group's board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports regularly to the board of directors on its activities.

Efficient and timely management of risks involved in the group's activities is critical for the financial soundness and profitability of the group. Risk management involves the identifying, measuring, monitoring and managing of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the group employs leading risk management practices and recruits skilled and experienced people.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The group's audit committee oversees how management monitors compliance with the group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

B. Credit risk

Credit risk arises from loans and advances, cash and cash equivalents, investment in debt securities and deposits with banks and financial institutions and any other financial assets.

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's asset on finance and trade receivables from customers; loans and investments in debt securities.

The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the group on terms that the group would not consider otherwise; or
- it is becoming probable that the borrower will enter bankruptcy or other financial re-organization;

The risk management committee has established a credit policy under which each new customer is analyzed individually for credit worthiness before the group's standard payment and delivery terms and conditions are offered. The group's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc. Credit limits are established for each customer and reviewed quarterly. Any loan exceeding those limits require approval from the risk management committee.

(b) Definition of default and cure

The group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

The group considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Following indicators are incorporated:

- DPD analysis as on each reporting date
- actual or expected significant adverse changes in business, financial or economic condition that are expected to cause a significant change to borrower's ability to meet its obligations.
- significant increase in credit risk on other financial instruments of same borrower.
- significant changes in value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.
- significant changes in expected performance and behavior of the borrower including changes in payment status of borrowers and changes in operating results.

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

(c) Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the group assesses the possible default events within 12 months for the calculation of the 12 months ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The Ind AS 109 PDs are then assigned to each economic scenario based on the outcome of group's models.

(d) Loss given default

"For JLG loans, loss given default (LGD) values are assessed based on historical data, LGD is calculated at 50%, however recent high collection from NPA is temporary and need some more time to reduce it substantially. Bank continued previous years LGD i.e 62.5%.

For MSME unsecured loan LGD values are assessed based on actual historical data, LGD is calculated for FY22 is 61%. For corporate loans, regulatory LGD is considered as defined by RBI in IRB approach for capital calculation.

For MSME Secured 30%, Housing Loan 20% and Wheels 30% LGD is considered while the calculated LGD is much lower."

The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The group segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data.

Under Ind AS 109, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI Ind AS 109 segment of each asset class.

(e) Significant increase in credit risk

The group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

f) Expected credit loss on Loans

The group assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account accounting instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, collateral type and other relevant factors.

The group considers defaulted assets as those which are contractually past due 90 days, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually past due 30 days are classified under Stage 2 – life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. The group considers financial instruments to have low credit risk if they are rated internally or externally within the investment grade. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The group measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The group considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the group's internally developed statistical models and other historical data. In addition, the group uses reasonable and supportable information on future economic conditions including macroeconomic factors such as interest rates, gross domestic product, inflation, industry and expected direction of the economic cycle. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

	As at 31 March 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and advances at amortised cost					
Current (not past due)	1,32,581.03	-	-	-	1,32,581.03
1-30 days past due	1,462.12	-	-	-	1,462.12
31-60 days past due	-	1,196.62	-	-	1,196.62
61-90 days past due	-	987.01	-	-	987.01
More than 90 days past due	-	-	4,346.22	-	4,346.22
	1,34,043.15	2,183.64	4,346.22	-	1,40,573.01
Loss allowance	(1,373.75)	(664.60)	(3,045.90)	-	(5,084.24)
Carrying value	**1,32,669.40**	**1,519.04**	**1,300.32**	-	**1,35,488.77**
Other financial assets at amortised cost					
BBB - to AAA	1,870.39	-	-	-	1,870.39
BB- to BB+	-	-	-	-	-
B- to B+	-	-	-	-	-
C to CCC+	-	-	-	-	-
D	-	-	-	-	-
	1,870.39	-	-	-	1,870.39
Loss allowance	(0.46)	-	-	-	(0.46)
Carrying value	**1,869.93**	-	-	-	**1,869.93**
Investment in debt securities at FVTOCI					
BBB - to AAA	27,962.50	-	-	-	27,962.50
BB- to BB+	-	-	-	-	-
B- to B+	-	-	-	-	-
C to CCC+	-	-	-	-	-
D	-	-	-	-	-
	27,962.50	-	-	-	27,962.50
Loss allowance	(11.90)	-	-	-	(11.90)
Amortised cost	**27,950.60**	-	-	-	**27,950.60**
Bank balances					
BBB - to AAA	23,695.77	-	-	-	23,695.77
BB- to BB+	-	-	-	-	-
B- to B+	-	-	-	-	-
C to CCC+	-	-	-	-	-
D	-	-	-	-	-
	23,695.77	-	-	-	23,695.77
Loss allowance	(2.13)	-	-	-	(2.13)
Amortised cost	**23,693.64**	-	-	-	**23,693.64**

	As at 31 March 2022				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans and advances at amortised cost					
Current (not past due)	92,855.14	-	-	-	92,855.14
1-30 days past due	3,537.11	-	-	-	3,537.11
31-60 days past due	-	1,434.86	-	-	1,434.86
61-90 days past due	-	1,563.73	-	-	1,563.73
More than 90 days past due	-	-	6,453.34	-	6,453.34
	96,392.25	2,998.59	6,453.34	-	1,05,844.18
Loss allowance	(1,301.28)	(1,023.43)	(4,085.40)	-	(6,410.11)
Carrying value	**95,090.97**	**1,975.17**	**2,367.94**	-	**99,434.07**
Other financial assets at amortised cost					
BBB - to AAA	1,064.41	-	-	-	1,064.41
BB- to BB+	-	-	-	-	-
B- to B+	-	-	-	-	-
C to CCC+	-	-	-	-	-
D	-	-	-	-	-
	1,064.41	-	-	-	1,064.41
Loss allowance	(0.98)	-	-	-	(0.98)
Carrying value	**1,063.42**	-	-	-	**1,063.42**
Investment in debt securities at FVTOCI					
BBB - to AAA	23,288.73	-	-	-	23,288.73
BB- to BB+	-	-	-	-	-
B- to B+	-	-	-	-	-
C to CCC+	-	-	-	-	-
D	-	-	-	-	-
	23,288.73	-	-	-	23,288.73
Loss allowance	(4.26)	-	-	-	(4.26)
Amortised cost	**23,284.46**	-	-	-	**23,284.46**
Bank balances					
BBB - to AAA	17,887.30	-	-	-	17,887.30
BB- to BB+	-	-	-	-	-
B- to B+	-	-	-	-	-
C to CCC+	-	-	-	-	-
D	-	-	-	-	-
	17,887.30	-	-	-	17,887.30
Loss allowance	(0.32)	-	-	-	(0.32)
Amortised cost	**17,886.98**	-	-	-	**17,886.98**

The group has applied a three-stage approach to measure expected credit losses (ECL) on loans and investment in debt securities accounted for at amortised cost and FVOCI. Loss rates are calculated using a 'Transition Matrix' method based on the probability of a receivable in 12 months time interval. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

(a) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

(b) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

(c) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost.

At each reporting date, the group assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the group uses information that is relevant and available without undue cost or effort. This includes the group's internal credit rating grading system, external risk ratings and forward-looking information to assess deterioration in credit quality of a financial asset.

Expected credit loss on other financial assets

The group assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account accounting instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower, collateral type, and other relevant factors.

The group monitors changes in credit risk by tracking published external credit ratings. In order to determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the group supplements this by reviewing changes in government bond yields together with available press and regulatory information about issuers.

Expected credit loss on Investments in Debt securities

At each reporting date, the group assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life

of the asset. In determining whether credit risk has increased significantly since initial recognition, the group uses information that is relevant and available without undue cost or effort. This includes the group's

internal credit rating grading system, external risk ratings and forward-looking information to assess deterioration in credit quality of a financial asset.

Bank balances

The significant portion of Bank balances are held with bank and financial institution counterparties, which are rated A+ to AAA, based on Credit ratings.

Impairment on bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The group considers that its bank balances have low credit risk based on the external credit ratings of the counterparties.

The group uses a similar approach for assessment of ECLs for bank balances as used for investment in debt securities.

g) Movements in the allowance for impairment in respect of loans, Investment in debt securities, trade receivables and other financial assets

The movement in the allowance for impairment in respect of asset on finance, trade receivables and other financial assets is as follows:

Loans and advances at amortised cost (including loan commitments)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses		Total
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired	
Loss allowance on 31 March 2021	**735.95**	**1,486.56**	**2,112.00**	**4,334.51**
Transfer to Stage 1	95.53	(86.45)	(9.08)	-
Transfer to Stage 2	(19.24)	20.28	(1.04)	-
Transfer to Stage 3	(34.04)	(509.49)	543.53	-
Net remeasurement of loss allowance	3.09	930.40	4,049.83	4,983.32
New financial assets originated or purchased	975.64	-	-	975.64
Transfer - financial assets originated or purchased	(20.05)	10.77	9.28	-
Financial assets that have been derecognised	(430.73)	(828.65)	(425.31)	(1,684.69)
Write offs	-	-	(2,193.83)	(2,193.83)
Loss allowance on 31 March 2022	**1,306.14**	**1,023.43**	**4,085.40**	**6,414.94**
Transfer to Stage 1	100.32	(69.44)	(30.87)	-
Transfer to Stage 2	(14.39)	19.41	(5.02)	-
Transfer to Stage 3	(29.25)	(258.71)	287.95	-
Net remeasurement of loss allowance	(284.60)	562.08	3,656.65	3,934.13
New financial assets originated or purchased	762.02	-	-	762.02
Movement of new originated	(16.00)	9.16	6.85	-
Financial assets that have been derecognised	(433.17)	(621.33)	(1,258.57)	(2,313.06)
Write offs	-	-	(3,695.87)	(3,695.87)
Loss allowance on 31 March 2023	**1,391.07**	**664.60**	**3,046.52**	**5,102.17**

The contractual amount outstanding on loans and advances measured at amortised cost that were written off during the year ended 31 March 2023 and are still subject to enforcement activity is (31 March 2022 - INR 2193.83).

All restructured accounts has atleast shown 18 months of performance. Considering the same, it is classified as per actual DPD.

Investment in Debt securities at FVTOCI

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses		Total
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired	
Loss allowance on 31 March 2021	**1.31**	-	-	**1.31**
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	1.91	-	-	1.91
New financial assets originated or purchased	1.49	-	-	1.49
Financial assets that have been derecognised	(0.45)	-	-	(0.45)
Write offs	-	-	-	-

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses		Total
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired	
Loss allowance on 31 March 2022	**4.26**	-	-	**4.26**
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	4.67	-	-	4.67
New financial assets originated or purchased	3.65	-	-	3.65
Financial assets that have been derecognised	(0.67)	-	-	(0.67)
Write offs	-	-	-	-
Loss allowance on 31 March 2023	**11.90**	-	-	**11.90**

Other financial assets at amortised cost

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses		Total
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired	
Loss allowance on 31 March 2021	**0.73**	-	-	**0.73**
New financial assets originated or purchased	0.98	-	-	0.98
Financial assets that have been derecognised	(0.73)	-	-	(0.73)
Loss allowance on 31 March 2022	**0.98**	-	-	**0.98**
New financial assets originated or purchased	0.46	-	-	0.46
Financial assets that have been derecognised	(0.98)	-	-	(0.98)
Loss allowance on 31 March 2023	**0.46**	-	-	**0.46**

Bank balances

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses		Total
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired	
Loss allowance on 31 March 2021	**0.38**	-	-	**0.38**
Net remeasurement of loss allowance	(0.06)	-	-	(0.06)
Loss allowance on 31 March 2022	**0.32**	-	-	**0.32**
Net remeasurement of loss allowance	1.81	-	-	1.81
Loss allowance on 31 March 2023	**2.13**	-	-	**2.13**

h) Collateral held and other credit enhancements

As of 31 March 2023, 68.54% (31 March 2022: 78.62%) of the Group's retail loans (inclusive of corporate loans) were unsecured. The Group's retail loans are generally secured by a charge on the asset financed (vehicle loans, property loans and gold loans). Retail business banking loans (inclusive of corporate loans) are secured with current assets as well as immovable property and fixed assets in some cases.

Collateral securing each individual loan may not be adequate in relation to the value of the loan. All borrowers must meet the Group's internal credit assessment procedures, regardless of whether the loan is secured. In addition to the collateral stated above, the Group holds other types of collateral such as second charges and floating charges for which specific values are generally not available.

The following table sets out the principal types of collateral held against different types of financial assets.

As at 31 March 2023	Maximum exposure to credit risk	Land or Building	Fixed Deposits	Total Collateral	Net Exposure	Associated ECLs
Cash and cash equivalents	25,127.75	-	-	-	25,127.75	(2.11)
Other bank balances	41.33	-	-	-	41.33	(0.02)
Loans and advances	1,40,572.75	41,219.94	2,008.05	43,227.99	97,344.76	(5,084.80)
Other financial assets	1,870.39	-	-	-	1,870.39	(0.46)
Total financial assets at amortised cost	**1,67,612.22**	**41,219.94**	**2,008.05**	**43,227.99**	**1,24,384.23**	**(5,087.39)**
Investments in debt securities	27,974.40	-	-	-	27,974.40	(11.90)
Total financial assets at FVTOCI	**27,974.40**	-	-	-	**27,974.40**	**(11.90)**
Total financial assets at FVTPL	-	-	-	-	-	-

As at 31 March 2022	Maximum exposure to credit risk	Land or Building	Fixed Deposits	Total Collateral	Net Exposure	Associated ECLs
Cash and cash equivalents	18,683.13	-	-	-	18,683.13	(0.31)
Other bank balances	36.86	-	-	-	36.86	(0.01)
Loans and advances	1,05,844.18	21,965.78	657.85	22,623.64	83,220.54	(6,410.10)
Other financial assets	1,064.41			-	1,064.41	(0.98)
Total financial assets at amortised cost	**1,25,628.58**	**21,965.78**	**657.85**	**22,623.64**	**1,03,004.94**	**(6,411.40)**
Investments in debt securities	23,284.46	-	-	-	23,284.46	(4.26)
Total financial assets at FVTOCI	**23,284.46**	-	-	-	**23,284.46**	**(4.26)**
Total financial assets at FVTPL	-	-	-	-	-	-

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECLs when the expected value of the collateral is greater than the LGD, even in if the future value of collateral is forecast using multiple economic scenarios. However, the Stage 3 ECL can be higher than net exposure show below when the future value of collateral, measured using multiple economic scenarios, is expected to decline.

As at 31 March 2023	Maximum exposure to credit risk	Land or Building	Fixed Deposits	Total Collateral	Net Exposure	Associated ECLs
Loans and advances	4,346.22	375.32	-	375.32	3,970.90	(3,045.90)
Total financial assets at amortised cost	**4,346.22**	**375.32**	-	**375.32**	**3,970.90**	**(3,045.90)**

As at 31 March 2022	Maximum exposure to credit risk	Land or Building	Fixed Deposits	Total Collateral	Net Exposure	Associated ECLs
Loans and advances	6,453.34	213.06	-	213.06	6,240.27	(4,085.40)
Total financial assets at amortised cost	**6,453.34**	**213.06**	-	**213.06**	**6,240.27**	**(4,085.40)**

i) Concentration of risk

The group monitors credit risk by sector and by geographic location. An analysis of grouping of credit risk from loans and advances, loan commitments, financial guarantees and investment securities is shown below.

Loans and advances to customers	As at 31 March 2023	As at 31 March 2022
Carrying amount	1,40,572.75	1,05,844.18
Concentration by sector		
Corporate:		
Wholesale Lending	15,538.83	9,294.25
Retail:	-	
Mortgages	27,452.46	13,330.56
Unsecured lending	97,344.21	83,219.37
Total	**1,40,335.49**	**1,05,844.18**
Concentration by location		
India	1,40,335.49	1,05,844.18

Investments	As at 31 March 2023	As at 31 March 2022
Carrying amount	27,974.40	23,284.46
Concentration by sector		
Corporate/ NBFC	2,974.23	2,995.39
Government	25,592.15	20,650.47
Banks	-	
Mutual funds	-	
Total	**28,566.38**	**23,645.86**
Concentration by location		
India	28,566.38	23,645.86

Concentration by location for loans and advances, loan commitments and financial guarantees, is based on the customer's country of domicile.
Concentration by location for investment securities is based on the country of domicile of the issuer of the security.

(All amounts are in Rupees millions unless otherwise stated)

C. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities over the next six months. The Group also monitors the level of expected cash inflows on asset on finance, trade receivables and loans together with expected cash outflows on borrowings, payables and other financial liabilities.

Currently the Group is not having any lines of credit.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial labilities at the reporting date. The amount are gross and undiscounted, and excludes contractual interest payments and exclude the impact of netting agreements.

As at 31 March 2023	Contractual cash flows						
	Carrying amount	Total Contractual Cash Flow	6 month or less	6-12 months	1-3 years	3-5 years	More than 5 years
Non - derivative financial liabilities							
Trade Payables	420.11	420.11	420.11	-	-	-	-
Borrowings (Other than Debt Securities)	27,265.66	27,360.54	10,427.17	4,534.05	11,949.09	293.98	156.25
Lease liability	2,910.98	3,699.50	341.96	345.02	1,780.06	746.39	486.07
Deposits	1,40,540.71	1,40,962.74	45,009.77	26,253.75	67,074.48	2,056.37	568.37
Subordinated Liabilities	2,342.01	2,354.01	4.01	-	400.00	1,950.00	-
Other financial liabilities	2,565.30	3,013.10	2,063.64	773.15	160.77	-	15.54
Non-derivative financial assets							
Cash and cash equivalents*	25,125.64	25,128.04	20,423.06	850.00	3,714.74	120.22	20.02
Bank balances other than cash and cash equivalents	41.31	41.34	0.08	4.35	33.34	3.57	-
Loans	1,35,487.95	1,37,458.83	42,056.67	30,924.28	43,258.01	6,501.67	14,718.21
Investments	27,962.50	28,594.22	11,542.07	4,522.45	11,783.56	639.64	106.51
Other Financial assets	1,869.93	2,049.11	927.34	277.84	175.82	148.03	520.09
Derivative financial assets							
Risk management:							
- Outflow	-	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-	-

* Carrying amount includes CRR requirement of INR 4,566.63

As at 31 March 2022	Contractual cash flows						
	Carrying amount	Total Contractual Cash Flows	6 month or less	6-12 months	1-3 years	3-5 years	More than 5 years
Non - derivative financial liabilities							
Trade Payables	409.16	409.16	409.16	-	-	-	-
Borrowings (Other than Debt Securities)	21,987.61	22,104.91	3,222.51	6,257.30	12,606.10	14.40	4.60
Lease liability	2,226.74	3,057.74	292.28	241.00	1,083.41	816.39	624.67
Deposits	1,03,924.85	1,03,923.56	40,573.05	23,374.65	38,855.39	510.74	609.73
Subordinated Liabilities	3,837.95	3,854.50	1,504.50	-	-	400.00	1,950.00
Other financial liabilities	1,314.55	1,723.46	873.81	689.36	145.41	-	14.89
Non-derivative financial assets							
Cash and cash equivalents*	18,682.82	18,683.13	18,683.13	-	-	-	-
Bank balances other than cash and cash equivalents	36.85	36.86	1.61	0.41	31.46	-	3.38
Loans	99,434.08	1,02,848.56	29,980.24	26,028.58	34,813.57	5,157.91	6,868.25
Investments	23,284.46	23,162.06	3,084.34	755.78	2,287.25	4,344.55	12,690.14
Other Financial assets	1,063.43	1,126.31	813.53	108.26	30.84	173.35	0.33
Derivative financial assets							
Risk management:							
- Outflow	-	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-	-

* Carrying amount includes CRR requirement of INR 2,848.88

The inflows/(outflows) disclosed in the above table represents contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contract maturity. The disclosure shows net cash flow amounts for derivatives that are net cash settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross settlement.

As disclosed in Note 12, the Group has a secured bank loan that contains a loan covenant. A future breech of covenant may require the Group to repay the loan earlier than indicated in the above table. Under the agreement, the covenant is monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance with the agreement.

The future cash flows on contingent consideration and derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(All amounts are in Rupees millions unless otherwise stated)

D. Market risk

The fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Group classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately. Such risks for the trading portfolio is managed and monitored based on a VaR methodology that reflects the interdependency between risk variables. Non-trading positions are managed and monitored using other sensitivity analyses. All such transactions are carried out within the guidelines set by the Risk Management Committee.

The following table sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios:

	Market risk measure		
	Carrying amount	**Trading portfolios**	**Non-trading portfolios**
As at 31 March 2023			
Financial assets:			
Cash and cash equivalents	25,125.64	-	25,125.64
Bank balance other than above	41.31	-	41.31
Derivative financial instruments	-	-	-
Loans	1,35,487.95	-	1,35,487.95
Investments	27,962.50	-	27,962.50
Other financial assets	1,869.93		
	1,90,487.33	-	**1,88,617.40**
Financial liabilities:			
Trade Payables	420.11	-	420.11
Borrowings (other than debt securities)	27,265.66	-	27,265.66
Lease liability	2,910.98	-	2,910.98
Deposits	1,40,540.71	-	1,40,540.71
Subordinated liabilities	2,342.01	-	2,342.01
Other financial liabilities	2,565.30	-	2,565.30
	1,76,044.77	-	**1,76,044.77**
As at 31 March 2022			
Financial assets:			
Cash and cash equivalents	18,682.82	-	18,682.82
Bank balance other than above	36.85	-	36.85
Loans	99,434.08	-	99,434.08
Investments	23,284.46	-	23,284.46
Other financial assets	1,063.43	-	1,063.43
	1,42,501.65	**-**	**1,42,501.65**
Financial liabilities:			
Trade Payables	409.16	-	409.16
Borrowings (other than debt securities)	21,987.61	-	21,987.61
Lease liability	2,226.74	-	2,226.74
Deposits	1,03,924.85	-	1,03,924.85
Subordinated liabilities	3,837.95	-	3,837.95
Other financial liabilities	1,314.55	-	1,314.55
	1,33,700.88	-	**1,33,700.88**

Market risk - Non-trading portfolios

(i) Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which borrowings are denominated and the respective functional currencies of Group. The functional currency for the Group is INR. The Foreign currency in which these transactions are primarily denominated is USD.

Currency risks related to the principal amounts of the Group's USD loans, have been fully hedged using forward contracts that mature on the same dates as the loans are due for repayment.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management is as follows:

Particulars	31 March 2023		31 March 2022	
	INR	USD	INR	USD
Subordinated liabilities	-	-	-	-
Swap Contract	-	-	-	-
Net exposure in respect of recognised assets and liabilities	-	-	-	-

Sensitivity analysis

A reasonably possible strengthening (weakening) of INR and USD against all currencies at 31 March would not have any affect on measurement of financial instruments denominated in foreign currency as the exposure is hedged.

Particulars	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2023				
USD (1% movement)	-	-	-	-
31 March 2022				
USD (1% movement)	-	-	-	-

(ii) Interest rate risk

The Groups maximum interest rate exposure is at a fixed rate. This is achieved mostly by entering into fixed rate instruments and partly by borrowing at a floating rate.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management is as follows:

Particulars	31 March 2023	31 March 2022
Fixed rate instruments		
Financial assets	1,80,602.23	1,30,214.58
Financial liabilities	1,76,044.77	1,33,700.87
Variable rate instruments		
Financial assets	9,885.10	12,287.07
Financial liabilities	-	-

Fair value sensitivity analysis for fixed rate instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased or decreased profit or loss before tax by INR 190.94 (31 March 2022: INR 311.24). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below.
This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss before Tax		Equity, net of tax	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp increase**
31 March 2023				
Variable rate instruments	9,885.10	9,885.10	7,397.21	7,397.21
Cash flow sensitivity (net)	98.85	(98.85)	73.97	(73.97)
31 March 2022				
Variable rate instruments	12,287.07	12,287.07	9,194.66	9,194.66
Cash flow sensitivity (net)	122.87	(122.87)	91.95	(91.95)

D. Legal and operational risk

(i) Legal risk

"Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Group had engaged the services of a Legal Consultant for addressing legal matters pertaining to the Group", including vetting of agreements entered into by the Group. The Group also availed the services of Legal firms / Legal Counsels, wherever warranted. The Group also has a system in place to respond to legal and statutory notices.

There were 22 legal cases pending against the Group aggregating INR 2.00 millions (31 March 2022 - INR 0.42 millions).

The Group has since appointed Head – Legal in April 2019 and at present Legal Department is functioning with Head-Legal, one Chief Manager (Legal), one Deputy Manager, one Senior Executive and one Executive. The Group also has a team of Officers with legal background in its Collection Team for filing of cheque bounce cases u/s 138 of N.I Act and initiating arbitration / civil proceedings wherever required."

(ii) Operational

"Operational risk is the exposure to loss resulting from inadequate or failed internal processes, people and systems, or from external events. The Company has clearly defined operations procedures for each of its products and services. It also has advanced computer systems that enable it to run operations with speed and accuracy.

The operation risk department under risk department operates independently from other units of the group and reports directly to the Risk Management Committee of the Board. It conducts regular reviews of all business areas of the group and reports control deficiencies and exceptions to the Company's policies and procedures. It also recommends measures to mitigate operational risk, which are implemented by management immediately.

The group also has a contingency plan to take care of any failure of its computer systems. Regular backups are made for all important datasets, and stored outside the group's premises. This ensures that in case of any system failure, the group will be able to continue its operations without losing critical data or business transactions. As part of its disaster recovery plan, the group has established a back-up site which would and operate during an emergency.

The group has a specific Business Continuity Plan (""BCP"") unit. The main objective of the BCP is to ensure that in the event of full or partial disaster which includes Pandemic, the group is well set to be able to continue providing essential services to customers, minimizing any adverse effects on the group's business, through business impact analysis, business restoration.

The Group is using various tools under operational risk for monitoring operational risk such as conducting risk & control self assessments, capturing operational loss data and monitoring of KRIs."

42. **Capital management**

The basic approach of capital adequacy framework is that, a financial institution should have sufficient capital to absorb shocks on account of any unexpected losses arising from the risks in its business.

As per RBI guidelines, the Group is required to maintain a minimum capital to risk weighted asset ratio. Capital management entails optimal utilization of scarce capital to meet extant regulatory capital requirements. UCIL has put in place an appropriate Risk Appetite framework and computes its capital requirements and adequacy as per extant regulatory guidelines.

i The Group maintains minimum capital to risk weighted asset ratio entity wise for all the entities forming part of the group and accordingly manage the capital requirements among all the entities in the group.

ii **Capital allocation**

The amount of capital allocated to each operation or activity is undertaken with the objective of minimisation of return on the risk adjusted capital. Allocation of capital is to various lines of business basis annual business plan drawn at the beginning of the year. Various consideration for allocating capital include synergies with existing operations and activities, availability of management and other resources, and benefit of the activity with the Group's long term strategic objectives.

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

44. "The composite scheme of arrangement (Scheme) between the Utkarsh Small Finance Bank (Bank) and Utkarsh CoreInvest Limited (UCL), its holding company, and their respective shareholders under Section 230 and other applicable provisions of the Companies Act, 2013, was filed with the National Company Law Tribunal, bench at Allahabad (NCLT) on 25 October 2019 for the reduction in the face value of equity share capital of the Bank and for the issuance and allotment of fully paid-up equity shares of the Bank to the shareholders of UCL (on account of their invested capital) from the reserves created from such reduction of share capital. The objective of the Scheme was, amongst others, to achieve dilution in shareholding of UCL in the Bank in line with the small finance bank's licensing guidelines.

In relation to the Scheme, the Bank had approached RBI seeking a certificate u/s 44B (1) of the Banking Regulation Act, 1949 and RBI had vide its letter dated 21 July, 2020 communicated to the Bank that the mode of dilution of promoter shareholding proposed under the Scheme militates against the spirit of the licensing guidelines for Small Finance Banks. Further, RBI had advised that it may consider issuing the required certificate u/s Section 44(1) in the event the board of both the Bank and UCL agree and approve that the combined shareholding of UCL and shareholders of UCL, who would be allotted the equity shares of the Bank, will be diluted to 40% of the voting shares in the Bank by 22 January, 2022 and till that time together they will exercise only 26% voting rights in the Bank. Basis deliberations, the respective boards of UCL and the Bank decided to withdraw the application for approval of Scheme. Subsequently, the Bank withdrew the petition and the NCLT by its order dated August 27, 2020 dismissed the petition as withdrawn. The Bank vide its letter dated September 03, 2020 addressed to RBI to withdraw its application seeking certificate from RBI."

45. **Amounts payable to Micro and Small enterprises**

Under the Micro, Small and Medium Enterprises Development Act, 2006 that came into force from 02 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments during the years ended 31 March 2023 and 31 March 2022. The above is based on the information available with the Group, which has been relied upon by the statutory auditors.

Particulars	As at 31 March 2023	As at 31 March 2022
a. Principal amount due to suppliers under MSMED Act, 2006	91.02	66.13
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	988.49	519.62
d. Interest paid to suppliers under MSMED Act (Section 16)	-	-
e. Interest due and payable towards suppliers under MSMED Act for payments already made	15.75	2.34
f. Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	15.75	2.34

46. Details of corporate social responsibility expenditure

Particulars	As at 31 March 2023	As at 31 March 2022
Corporate Social Responsibility expenses for the period*	32.60	37.50
Various Head of expenses included in above:		
Note 29: Other expenses: Contribution towards Corporate Social Responsibilities	32.60	37.50
Gross amount required to be spent by the Group during the year.	32.20	37.00
Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	32.60	37.50
Details of related party transactions (Utkarsh Welfare Foundation)	-	37.50
Provision for CSR Expenses		
Opening Balance	-	3.54
Add: Provision created during the period	32.60	37.50
Less: Provision utilised during the period	32.60	41.04
Closing Balance	-	-
The amount of shortfall at the end of the year out of the amount required to be spent by the Group during the year	-	-
The total of previous years' shortfall amounts	-	-
The reason for above shortfalls by way of a note	-	-
The nature of CSR activities undertaken by the Group	CSR activities undertaken as per scheduleVII under section 135 on thematic areas of Health, Education and Livelihoods and Entrepreneurship development.	CSR activities undertaken as per scheduleVII under section 135 on thematic areas of Health, Education and Livelihoods and Entrepreneurship development.

*Out of the total CSR contribution required, INR Nil (Previous Year INR 37 million) is contributed to Utkarsh Welfare Foundation which ceased to be a subsidiary of the Group w.e.f. 24 February 2022.

As per Section 135 of the Companies Act 2013, the Company has formed a CSR Committee of the Board of Directors. The CSR Committee has also approved a CSR Policy where certain focus areas out of list of activities covered in Schedule VII of the Companies Act 2013, has been identified.

(All amounts are in Rupees millions unless otherwise stated)

47. Interest in other entities

a) Interest in subsidiaries

i. The group's subsidiaries at 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Ownership held by the group		Ownership interest held by non-controlling interests		Principle activities
		31 March 2023	31 March 2022	31 March 2023	31 March 2022	
Subsidiaries						
Utkarsh small finance bank	India	84.75%	84.79%	15.25%	15.21%	Banking
Utkarsh welfare foundation*	India	-	-	-	-	Section 8 company for CSR activities

* The Group has disposed of its stake in Utkarsh Welfare Foundation on 24 Februrary 2022.

ii. Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet

Particulars	Utkarsh welfare foundation	
	As at 31 March 2023	As at 31 March 2022
Current Assets	-	-
Current liabilities	-	-
Net current assets	-	-
Non current assets	-	-
Non current liabilities	-	-
Net non current assets	-	-
Net Assets	-	-

Particulars	Utkarsh Small Finance Bank Ltd.	
	As at 31 March 2023	As at 31 March 2022
Total Assets	1,97,073.09	1,49,237.92
Total Liabilities	1,76,811.06	1,34,273.20
Net Assets	**20,262.03**	**14,964.72**

Summarised statement of profit and loss

Particulars	Utkarsh welfare foundation	
	For the year ended 31 March 2023	For the year ended 24 February 2022
Revenue from operation	-	43.42
Profit for the year	-	(0.03)
Other Comprehensive income	-	-
Total Comprehensive income	-	(0.03)
Total Comprehensive income attributable to non controlling interest	-	(0.03)

Particulars	Utkarsh Small Finance Bank Ltd.	
	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operation	27,447.72	19,776.23
Profit for the year	5,524.75	612.84
Other Comprehensive income	(364.30)	(200.00)
Total Comprehensive income	5,160.45	412.84
Total Comprehensive income attributable to non controlling interest	785.64	55.63

b) **Additional disclosure under Schedule III of Companies Act 2013.**

Name of the Entity	Net Assets		Share in Profit or Loss		Share in other comprehensive income		Share in total comprehensive income	
	% of Consolidated Net Assets	Amount (in millions)	% of Consolidated profit or loss	Amount (in millions)	% of Consolidated profit or loss	Amount (in millions)	% of Consolidated profit or loss	Amount (in millions)
Parent Company								
31-Mar-23	40.64%	8,438.17	0.24%	13.28	0.00%	0.01	0.26%	13.29
31-Mar-22	54.47%	8,412.85	2.65%	16.50	0.00%	0.00	3.91%	16.50
Utkarsh small finance bank								
31-Mar-23	97.58%	20,262.03	99.76%	5,524.75	100.00%	(364.30)	99.74%	5,160.44
31-Mar-22	96.88%	14,964.72	98.51%	612.84	99.99%	(200.00)	97.80%	412.84
Utkarsh welfare foundation								
31-Mar-23	0.00%	-	0.00%	-	0.00%	-	0.00%	-
31-Mar-22	0.00%	-	0.00%	(0.03)	0.00%	-	-0.01%	(0.03)
Non-controlling interest								
31-Mar-23	15.38%	3,194.50	15.19%	841.11	15.22%	(55.46)	15.19%	785.64
31-Mar-22	14.78%	2,283.38	13.27%	82.55	13.47%	(26.95)	13.17%	55.60
Consolidation/other adjustments								
31-Mar-23	-53.60%	(11,130.07)	-15.19%	(841.09)	-15.23%	55.46	-15.18%	(785.63)
31-Mar-22	-66.13%	(10,214.67)	-14.42%	(89.73)	-13.47%	26.94	-14.87%	(62.79)
Total								
31-Mar-23	100.00%	20,764.63	100.00%	5,538.04	100.00%	(364.29)	100.00%	5,173.75
31-Mar-22	100.00%	15,446.28	100.00%	622.13	100.00%	(200.01)	100.00%	422.13

(All amounts are in Rupees millions unless otherwise stated)

48 Lease as lessee

The group has taken various premises on lease for undertaking its banking and allied business

Following are the changes in the carrying values of right of use assets

Particulars	Category of ROU Assets		
	Premises	ATM Machines	Core Banking software
Balance as at 31 March 2021	**1,795.06**	**48.05**	**70.97**
Additions	490.39	10.09	-
Disposals	18.51	2.72	-
Depreciation	416.01	10.58	23.65
Balance as at 31 March 2022	**1,850.93**	**44.84**	**47.32**
Additions	721.43	20.50	-
Disposals	-	-	(0.00)
Depreciation	155.55	12.16	23.65
Balance as at 31 March 2023	**2,416.81**	**53.17**	**23.66**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of profit and loss.

The following is the movement in lease liabilities:

Particulars	Lease liabilities
Balance as at 31 March 2021	**2,081.20**
Additions	406.55
Adjustment on account on rent concession	(0.67)
Finance cost accrued during the period	160.11
Payment of lease liabilities	(420.45)
Balance as at 31 March 2022	**2,226.74**
Additions	708.90
Adjustment on account on rent concession	-
Finance cost accrued during the period	517.29
Payment of lease liabilities	(541.96)
Balance as at 31 March 2023	**2,910.98**

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2023 on an undiscounted basis:

Particulars	As at 31 March 2023	As at 31 March 2022
Less than one year	686.98	533.28
One to five years	2,526.46	1,899.79
More than five years	486.07	624.67

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was INR 15.20 for the year ended 31 March 2023 (31 March 2022 :INR 2.88).

During the year ended 31 March 2022, the Group has renegotiated with certain landlords on the rent reduction/ waiver due to COVID 19 pandemic. The Management believes that such reduction/ waiver in rent is short term in nature and also meets the other conditions specified in the notification issued by the Central Government in consultation with National Financial Reporting Authority dated 24 July 2020 as Companies (Indian Accounting Standards) Amendment Rules, 2020 with effect from 1 April 2020. Thus, in accordance with the said notification, the Group has elected to apply exemption as the reduction/ waiver does not necessitate a lease modification as envisaged in the Standard by recording in the "Other income". Accordingly, the Group has recognised INR Nil during the year ended 31 March 2023 (31 March 2022: INR 0.67) in the statement of profit and loss.

(All amounts are in Rupees millions unless otherwise stated)

49 Expected credit loss (ECL) impairment provision - Loans

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	1,33,577.29	1,373.75	1,32,203.54	1,759.75	(386.00)
	Stage 2	2,174.91	664.60	1,510.31	-	664.60
	Stage 3	-	-		-	
Subtotal		**1,35,752.19**	**2,038.35**	**1,33,713.84**	**1,759.75**	**278.60**
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,939.35	2,489.56	1,449.79	2,106.35	383.21
Doubtful - upto 1 year	Stage 3	847.74	535.75	311.99	747.60	(211.85)
1 - 3 years	Stage 3	32.39	20.47	11.92	28.97	(8.50)
more than 3 years	Stage 3	1.12	0.71	-	0.50	-
Subtotal for Doubtful		**881.24**	**556.92**	**323.91**	**777.07**	**(220.35)**
Loss	Stage 3	-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	2,462.75	17.33	2,445.42	-	17.33
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**2,462.75**	**17.33**	**2,445.42**	**-**	**17.33**
Total	Stage 1	**1,36,040.04**	**1,391.08**	**1,34,648.96**	**1,759.75**	**(368.67)**
	Stage 2	**2,174.91**	**664.60**	**1,510.31**	**-**	**664.60**
	Stage 3	**4,820.60**	**3,046.49**	**1,773.70**	**2,883.42**	**163.07**
	Total	**1,43,035.54**	**5,102.17**	**1,37,932.96**	**4,643.17**	**459.00**

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	96,370.76	1,301.28	95,069.48	1,470.83	(169.55)
	Stage 2	2,997.67	1,023.43	1,974.25	-	1,023.43
	Stage 3					
Subtotal		99,368.43	2,324.72	97,043.73	1,470.83	853.89
Non-Performing Assets (NPA)						
Substandard	Stage 3	6,152.61	3,881.54	2,271.07	3,702.96	178.58
Doubtful - upto 1 year	Stage 3	316.95	199.96	116.99	316.47	(116.51)
1 - 3 years	Stage 3	4.84	3.05	1.78	4.84	(1.79)
more than 3 years	Stage 3	1.35	0.85	-	1.51	(0.66)
Subtotal for Doubtful		323.14	203.86	118.79	322.82	(118.96)
Loss	Stage 3					
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	814.64	4.86	809.79	-	4.86
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**814.64**	**4.86**	**809.79**	**-**	**4.86**
Total	Stage 1	**97,185.40**	**1,306.14**	**95,879.27**	**1,470.83**	**(164.69)**
	Stage 2	**2,997.67**	**1,023.43**	**1,974.25**	**-**	**1,023.43**
	Stage 3	**6,475.75**	**4,085.40**	**2,389.85**	**4,025.78**	**59.62**
	Total	**1,06,658.83**	**6,414.97**	**1,00,243.37**	**5,496.61**	**918.36**

50 The Group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current year.

51 The title deeds of immovable properties included in property, plant and equipment (other than properties where the Group is the lessee and the lease agreements are duly executed in favor of the lessee) and intangible assets are held in the name of the Group.

52 No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

53 The Group has not guaranteed any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties, either severally or jointly with any other person, that are repayable on demand; or without specifying any terms or period of repayment.

54 The Group has obtained various borrowings from banks/ FI on basis of security of current assets wherein the quarterly returns/ statements of current assets as filed with banks/ FI are in agreement with the books. The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date. The Group is not declared as willful defaulter by any bank or financial Institution or other lender as at 31 March 2022.

55 a) The Group has not advanced / loaned / invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(I) directly or indirectly lend / invest in other person or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries)

(II) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(b) The Group has not received any fund from any party(s) (Funding Party) with the understanding that the Group shall:

(I) directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries")

(II) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries."

56 No transactions have taken place with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

57 There are no charges which are yet to be registered with the Registrar of Companies beyond the statutory period.

58 The Group does not have any number of layers prescribed u/s (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017. There are no Scheme of Arrangements that has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 as at 31 March 2022.

59 There is no income surrendered or disclosed as income during the current year or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

60 No crypto / virtual currency was traded/ invested during the current year. No deposits / advances were received from any person for the purpose of trading / investing in crypto currency during the current year or previous year.

61 "The Group has reported 87 frauds amounting to Rs.325.83 million based on management reporting to Risk Committee and to RBI through prescribed returns. The nature of fraud involved is misappropriation of funds, fraudulent encashment/manipulation of books of accounts.

The above includes 115 cases of HL fraud (considered as 1 case in 87 cases) amounting to Rs. 299.54 million.

As per our report of even date attached.

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

Manish Kankani
Partner
Membership No: 158020

Place: Mumbai
Date: 28 July 2023

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

Ashwani Kumar
Managing Director and CEO
DIN: 07030311

G.S. Sundararajan
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi
Date: 28 July 2023

1. Reporting Entity

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

The Company together with its subsidiaries Utkarsh Small Finance Bank Limited ('the Bank or 'SFB') and Utkarsh Welfare Foundation ('UWF') are collectively referred to as "the Group". The Group has been engaged in the business of micro finance and banking operations as further explained below.

The holding company was primarily engaged in the business of micro finance, following group lending methodology and providing small value unsecured bank loans to lower income group of below poverty line ('BPL') in urban and rural areas. The tenure of these loans was generally spread over a period of up to 2 years. During the financial year 2016-17, the Company executed a business transfer agreement with its subsidiary Company 'Utkarsh Small Finance Bank Limited' ('USFB') and transferred all its assets and liabilities (except certain statutory assets, vehicle and statutory liabilities). Accordingly, the business of micro finance was also transferred to USFB.

UWF is in to providing welfare services, development, help and assistance to the under privileged inhabitants, groups of rural and urban slum sectors by way of financial products, market linkages, opportunities, education, health and vocational training programs. As on 24 February 2022, the Company has sold its stake in UWF. Accordingly, UWF is no longer a subsidiary of Utkarsh CoreInvest Limited with effect from 25 February 2022.

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

2. Significant Accounting Policies

a. Basis of preparation of consolidated financial statements

i. Statement of compliance

The Consolidated financial statements of the Company have been prepared in accordance with the Ind AS 110-'Consolidated Financial Statements' as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

The financial statements of the Subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2023 and are prepared based on the accounting policies consistent with those used by the Company.

These consolidated financial statements were authorised for issue by the Group's Board of directors on 28 July 2023.

Subsidiaries considered in the consolidated financial statements

Name of the Subsidiary	Country of incorporation	Percentage of holding	
		31 March 2023	31 March 2022
Utkarsh Small Finance Bank Limited	India	84.75%	84.79%
Utkarsh Welfare Foundation*	India	Nil	Nil

* The Holding Company acquired the stake in UWF on 17 November 2017. Further, since the said company is a Section 8 Company, hence the economic interest is NIL. The Holding Company disposed off its stake in UWF on February 24, 2022.

The Group has consistently applied accounting policies to all periods.

ii. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following material items:

- Financial assets at FVTOCI that is measured at fair value.
- Financial instruments at FVTPL that is measured at fair value.
- Net defined benefit (asset)/ liability - fair value of plan assets less present value of defined benefit obligation.

iii. Principles of Consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

The group combines the consolidated financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

iv. Functional and presentation currency

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

v. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of these consolidated financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

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

- Note 48 – Measurement of lease liabilities and right of use assets
- Note 40 - classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

B. Assumptions and estimation uncertainties

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

- Note 34 - Measurement of defined benefit obligations: key actuarial assumptions;
- Note 7- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Note 8-9- Useful life and residual value of property, plant and equipment and intangible assets
- Note 31- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- Note 41 – Impairment of financial assets: key assumptions in determining the average loss rate
- Note 40 – Fair value measurement of financial instruments

b. Revenue Recognition

i. Interest income from financial assets is recognised on an accrual basis using Effective Interest Rate ('EIR') method. The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate to the net carrying amount of the financial asset. The EIR is computed basis the expected cash flows by considering all the contractual terms of the financial instrument. The calculation includes all fees, transaction costs, and all other premiums or discounts paid or received between parties to the contract that are an integral part of the effective interest rate.

ii. The interest revenue continues to be recognised at the original EIR applied on the gross carrying amount for financial assets (when the asset is not credit impaired). However, for the financial assets that have become credit impaired subsequent to the initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

iii. For financial assets that were credit impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset.

iv. Dividend is accounted on an accrual basis when the right to receive the dividend is established.

v. Income from interest on deposits and interest bearing securities is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate.

vi. Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain/loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of profit and loss. Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes.

vii. All other fees are accounted for as and when they become due.

c. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign exchange forward contracts, embedded derivatives in the host contract, etc.

Financial assets

Initial recognition and measurement

The Group initially recognises loans and advances on the date on which they are originated. All other financial assets are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provision of the instrument.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classification and subsequent measurement

Classifications

The Group classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

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

Assessment whether contractual cash flows are solely payments of principal and interest

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

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

Debt instruments at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from ECL impairment are recognised in the profit or loss.

Debt instrument at fair value through Other Comprehensive Income (FVTOCI)

A financial asset is measured at amortised cost only if both of the following conditions are met:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at fair value with changes in fair value recognised in other comprehensive income (OCI). Interest income is recognised basis EIR method and the losses arising from ECL impairment are recognised in the profit or loss.

Debt instrument at fair value through profit and loss (FVTPL)
Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Reclassification of financial assets
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. If the Group evaluates that substantial risk and reward have not been transferred, the Group continues to recognise the transferred asset. If the Group evaluates that substantial risk and rewards are neither transferred nor retained and the control of the asset is also not transferred, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of

(i) the consideration received (including any new asset obtained less any new liability assumed) and

(ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

Classification and subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial liabilities designated at fair value through profit and loss

When a financial liability contract contains one or more embedded derivative, the Company may designate the entire hybrid contract as at fair value through profit and loss unless:

- the embedded derivative(s) do(es) not significantly modify the cash flows that otherwise would be required by the contract; or
- it is clear with little or no analysis when a similar hybrid instrument is first considered that separation of the embedded derivative(s) is prohibited, such as a prepayment option embedded in a loan that permits the holder to prepay the loan for approximately its amortised cost.

The fair valuation change on the liabilities subsequently measured at fair value through profit and loss account is recognised in profit and loss account except the changes in the liablity's credit risk which is recognised in 'Other Comprehensive Income'

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability or equity based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability or equity recognized with modified terms is recognised in profit or loss or in other equity in case the same is a transaction with the shareholders.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously ('the offset criteria').

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects it non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price i.e. the fair value of consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument.

d. Impairment of Financial Assets

Impairment of financial instruments

The Group recognises impairment allowances for ECL on all the financial assets that are not measured at FVTPL:

- Financial assets that are debt instruments
- Loan commitment issued

No impairment loss is recognised on equity investments

ECL are probability weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- Financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.
- Financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows
- Undrawn loan commitments – as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive

With respect to trade receivables and other financial assets, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For financial assets at FVTOCI, the loss allowance is recognised in statement of profit and loss.

e. Foreign Currency transactions and balances

Holding Company

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year end rates. The resultant exchange differences are recognised in the Statement of Profit and Loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

Banking company in the group

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 statement of 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 statement of Profit and Loss.

f. Property, Plant and Equipment(PPE)

Initial Measurement

Property, plant and equipment are stated at cost less accumulated depreciation as adjusted for impairment, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate items (major components) of property, plant and equipment. Any gain on disposal of property, plant and equipment is recognised in statement of Profit and loss.

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.

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and used it as its deemed cost as at the date of transition.

Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Impairment

Carrying amounts of cash generating assets are reviewed at each Balance Sheet date to determine whether there is any impairment. Impairment loss, if any, is recognised in the statement of Profit and Loss whenever the carrying amount exceeds the recoverable amount.

Depreciation

Depreciation is provided as per straight-line method from the date of addition over the estimated useful life of the asset. The Group has carried out a technical assessment of the useful life of its assets taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use. If the management's estimate of the useful life of a property, plant and equipment 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 property, plant and equipment which are in accordance with lives prescribed under Schedule II of Companies Act, 2013.

Improvements and installations of capital nature on the leasehold property are depreciated over the primary lease term.

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

De-recognition

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is de-recognised. Depreciation on assets sold during the year is recognised on a pro-rata basis to the statement of profit and loss upto the date of sale.

Capital Work in Progress

Capital work in progress includes cost of fixed assets that are not ready for their intended use.

g. Intangible assets

Initial Measurement

Intangible assets that are acquired by the Group are measured initially at cost and are stated at cost less accumulated depreciation as adjusted for impairment, if any.

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and used it as its deemed cost as at the date of transition.

Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Impairment

The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of Profit and Loss. 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.

Amortisation

Intangible assets are amortised in the statement of profit and loss 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 amortised on straight line basis. Computer software are amortised on straight line basis over their estimated useful life of three years

Amortisation methods and useful lives are reviewed in each financial year end and changes, if any, are accounted for prospectively.

De-recognition

Intangible asset is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is recognised in other income / expense in the statement of profit and loss in the year the asset is de-recognised. Amortisation on assets sold during the year is recognised on a pro-rata basis to the statement of profit and loss upto the date of sale.

h. Leases

The Group's lease asset classes primarily consist of leases for ATMs, Software and buildings. The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 01 April 2019.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term.

i. Employee benefits

i. Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Share-based payment arrangements

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

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Parent Company is the grantor of its equity instrument for all share options provided to the employee of the Bank. The Bank reimburses the parent company for the equity-settled share-based payment arrangements granted to the employees of the Bank

iii. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. The Group has following defined contribution plans:

Provident Fund

The Group contributes to mandatory government administered provident funds which are defined contribution schemes as the Group does not carry any further obligation, apart from the contributions made on a monthly basis. The contributions are accounted for on an accrual basis and recognised in the statement of Profit and Loss

iv. Defined benefit plans

The Group's net obligation in respect of gratuity is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

v. Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

j. Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Group:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

k. 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.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

l. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Group has been identified as the chief operating decision maker for the Group.

m. Earnings Per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

n. Provision, Contingent Liabilities and Contingent Assets

The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for 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.

The provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. Where an inflow of economic benefits is probable, an entity shall disclose a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

Contingent assets are not recognised in the consolidated financial statements but disclosed, where an inflow of economic benefit is probable.

o. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

ANNUAL CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT OF FINANCIAL YEAR 2022-23

I. Brief outline on CSR Policy of the Company

Policy Statement

Utkarsh CoreInvest Limited (formerly known as Utkarsh Micro Finance Limited), through its CSR projects, will enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a Socially Responsible Corporate Citizen. The ultimate aim of the CSR projects will be to benefit the communities at large and over a period of time enhance the quality of life and economic well-being of the local populace.

CSR Philosophy and Guiding Principles

The Company shall continue its efforts to impact the society positively, particularly to underserved and unsecured communities, including in the area of its and its subsidiaries operations. The Company has formulated policies for social development based on the following guiding principles:

i. Serving households through a range of socially oriented products and services.

ii. Adopting an approach that aims at achieving a greater balance between social development and economic development.

iii. Adopting new measures to accelerate and ensure the basic needs of deprived sections of the society.

iv. Work towards elimination of barriers for the social inclusion of disadvantaged groups such as the poor and the disabled.

v. Enabling ways for enhancing skills for better livelihood opportunities.

vi. Support underprivileged and underserved segments by providing financial and non-financial services through a socially responsible, sustainable and scalable institution.

Management Structure: CSR Committee

Corporate Social Responsibility Committee ("CSR Committee") of the Board of Directors of the Company ("Board") shall be responsible for framing and approving the Policy and for the overall governance of CSR activities. The CSR Committee shall consist of three (03) or more Directors including at least one (01) Independent Director and it shall meet at least once a year and as and when required.

The activities of CSR Committee will be in accordance with Schedule VII of the Companies Act, 2013 (as amended from time to time) and as per approved terms and reference (CSR Charters) by the Board of the Company.

Roles & Responsibilities of the Board and CSR Committee

The CSR Committee shall formulate and recommend to the Board an annual action plan in pursuance of the CSR Policy of the Company, which shall include the following:

i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

ii. the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of the Act;

iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;

iv. monitoring and reporting mechanism for the projects or programmes;

v. details of need and impact assessment, if any, for the projects undertaken by the company; and

vi. the mechanism and adherence of necessary compliance under the applicable CSR Act and Rules, including for the unspent CSR Amount, if any.

Provided that the Board may alter such plan at any time during the financial year, as per the recommendation of CSR Committee, based on the reasonable justification to that effect.

Scope of Activities during the Financial Year 2022-23

The Board of the Company had approved for a CSR Expenditure of 4,00,000 (Rupees Four Lakh only) for FY2022-23, to be expended towards Health Initiatives and such incidental or related activities being taken up through Utkarsh Welfare Foundation (UWF), the regular CSR Implementing Agency of the Company.

II. Composition of CSR Committee:

S. No.	Name of Director	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. G. S. Sundararajan	Independent Director, Chairperson	1	1
2.	Mr. Aditya Deepak Parekh	Nominee Director	1	-
3.	Mr. Ashwani Kumar	Managing Director & CEO	1	1

**Mr. Ashwani Kumar, Managing Director & CEO had stepped down from the CSR Committee on April 30, 2023 and Mr. T. K. Ramesh Ramanathan, Nominee Director has been inducted as a Member of CSR Committee w.e.f. April 30, 2023.*

III. Web-link to refer about the Composition of CSR Committee, CSR Policy and CSR projects approved by the Board:

http://www.utkarshcoreinvest.com/index.php/CSR/Activities

IV. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: **N.A.**

V. (a) Average net profit of the company as per sub-section (5) of section 135: **₹1,55,69,080**

(b) Two percent of average net profit of the company as per sub-section (5) of section 135: **₹3,11,382**

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: **Nil**

(d) Amount required to be set-off for the financial year, if any: **Nil**

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: **₹3,11,382**

VI. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **₹4,00,000**.

(b) Amount spent in Administrative Overheads: **₹260**

(c) Amount spent on Impact Assessment, if applicable: **N.A.**

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: **₹4,00,000**

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the FY 2022-23 (in₹)	Amount Unspent (in₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
4,00,000	Nil	N.A.	N.A.	Nil	Nil

f) Excess amount for set-off, if any.

#	Particulars	Amount (in ₹)
(1)	(2)	(3)
i.	Two percent of average net profit of the company as per sub-section (5) of section 135	3,11,382
ii.	Total amount spent for financial year	4,00,000
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	88,618
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous FY 2022-23	Nil
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	88,618*

**The Board had approved CSR contribution of ₹4,00,000 being upper rounded off figure against the CSR obligation of ₹3,11,382 for FY23 and hence, the company did not intend to set-off the excess CSR contribution spent during FY23 in future.*

VII. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
SI.	Proceeding financial years(s)	Amount transferred Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount in ₹	Date of Transfer		
1.	FY 2020-21	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2.	FY 2021-22	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.	FY 2022-23	Nil	Nil	Nil	Nil	Nil	Nil	Nil

VIII. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes ( ) No (✓)

If Yes, enter the number of Capital assets created / acquired: **N.A**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

SI. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
1	2	3	4	5	6		
					CSR Registration Number, if applicable	Name	Registered Address
N.A							

(All the fields should be captured as appearing in the revenue record, flat no., house no., Municipal Office / Municipal Corporation / Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

IX. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per sub-section (5) of section 135. N.A.

For and on behalf of the Board of Directors

Sd/-	**Sd/-**
Managing Director & CEO	**Chairperson, CSR Committee**

Date: May 08, 2023
Place: Varanasi

CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, Ashwani Kumar, Managing Director & Chief Executive Officer and Harshit Agrawal, Chief Financial Officer of Utkarsh CoreInvest Ltd. (erstwhile Utkarsh Micro Finance Limited), "the Company", hereby certify to the Board that:

a. We have reviewed financial statements and the cash flow statement of the Financial Year ended March 31, 2023 and that to the best of our knowledge and belief:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting in the Company and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operations of such internal controls, if any, of which we are aware of and the steps we have taken or proposed to be taken to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee:

   i. Significant changes in internal control over financial reporting during the year;
   ii. Significant changes in accounting policies during the year and the same have been disclosed in the Notes of the financial statements; and
   iii. Instances of significant fraud of which we have become aware of and involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

e. We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct, if any).

Ashwani Kumar
Managing Director & CEO

Date: July 28, 2023
Place: Varanasi

Harshit Agrawal
Chief Financial Officer

Date: July 28, 2023
Place: Varanasi

INSTITUTIONAL INVESTORS (as on March 31, 2023)

1. Aavishkaar Bharat Fund

Aavishkaar Bharat Fund, an alternative investment fund registered with the Securities and Exchange Board of India, is an India-focused equity oriented fund with an objective to invest in enterprises serving large market segments with a special emphasis on the under-served demographic segments.

2. Aavishkaar Goodwell India Microfinance Development Company II Limited

Aavishkaar Goodwell India Microfinance Development Company II Limited, a private company limited by shares under Mauritius law has objectives to (A) provide commercial long-term risk capital and active support directly to MFIs in India and (B) to facilitate the setting up and accelerate the growth of these MFIs, in order to build value and integrate them into the mainstream financial sector.

3. Aavishkaar Venture Management Services Private Limited

Aavishkaar Venture Management Services Private Limited ("Aavishkaar Capital") is a Company registered under the laws of India. Aavishkaar Capital pioneered the venture capital approach of investing in early-growth stage enterprises in India, with a focus on geographies and sectors that were often overlooked and challenging.
Aavishkaar Capital currently manages/advises funds with geographical focus on India and South & South East Asia.

4. British International Investment

British International Investment plc (formerly known as CDC Group PLC) is UK's Development Finance Institution, established in 1948. BII's mission is to support the building of businesses throughout Africa, Asia and the Caribbean, to create jobs, and to make a lasting difference to people's lives in some of the world's poorest places. BII invests in Africa and South Asia because over 80 per cent of the world's poorest people live in these regions. BII focuses on investing in countries where the private sector is weak, jobs are scarce, and the investment climate is difficult, but particularly in sectors where growth leads to jobs. These sectors are financial services, infrastructure, health, manufacturing, food and agriculture, construction & real estate and education.

5. Faering Capital India Evolving Fund II & III

Faering Capital is a leading Indian private equity firm with an entrepreneurial vision. The firm was founded in 2009 and has raised capital across three funds. Their proven track record and long-term approach build trusted partnerships with investors and exceptional companies.

6. HDFC Ergo General Insurance Company Limited

HDFC ERGO General Insurance Company Limited was promoted by erstwhile Housing Development Finance Corporation Ltd. (HDFC), India's premier Housing Finance Institution and ERGO International AG, the primary insurance entity of Munich Re Group. Consequent to the implementation of the Scheme of Amalgamation of HDFC with HDFC Bank Limited, India's leading private sector bank (Bank), the Bank has become the holding company of the Company, effective from July 1, 2023. The Company offers complete range of general insurance products ranging from motor, health, travel, home and personal accident in the retail space and products like property, marine and liability insurance in the corporate space. With a network of branches spread across wide distribution network and a 24x7 support team, the Company has been offering seamless customer service and innovative products to its customers.

7. Housing Development Finance Corporation Limited

HDFC is a pioneer in housing finance in India. It has consistently striven for and developed an excellent reputation for professionalism, integrity and an impeccable record of customer friendly services. It has turned the concept of housing finance for the growing middle class in India into profitable, professionally managed, world class enterprise. HDFC's excellent brand strength emerges from its unrelenting focus on corporate governance, its high standards of ethics and clarity of vision, which percolates through the organization. HDFC has been described as a model housing finance company for developing countries with nascent housing finance markets. It has provided technical assistance in Bangladesh, Sri Lanka and Egypt and has undertaken consultancy assignments in various countries across Asia, Africa and East Europe. HDFC's success in the mortgage industry and its spread across the financial services industry has made it a financial conglomerate with presence in banking, life insurance, non-life insurance, asset management real estate fund and an education finance company.

8. HDFC Life Insurance Company Limited

Established in 2000, HDFC Life is a leading, listed, long-term life insurance solutions provider in India, offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings, Investment, Annuity, and Health. The Company has more than 60 products (including individual and group products) and optional riders in its portfolio, catering to a diverse range of customer needs.

HDFC Life continues to benefit from its increased presence across the country, having a wide reach with branches and additional distribution touch-points through several new tie-ups and partnerships. The count of distribution partnerships is over 300, comprising banks, NBFCs, MFIs, SFBs, brokers, and new ecosystem partners amongst others. The Company has a strong base of financial consultants.

9. ICICI Prudential Life Insurance Company Limited

ICICI Prudential Life Insurance Company Limited (ICICI Prudential Life) is promoted by ICICI Bank Limited and Prudential Corporation Holdings Limited. ICICI Prudential Life began its operations in FY 2001 and has consistently been amongst the top players in the Indian life insurance sector. ICICI Prudential Life offers long term savings and protection products to meet different life stage requirements of customers. ICICI Prudential Life has been the first insurance company in India to be listed on NSE and BSE.

10. International Finance Corporation (IFC)

International Finance Corporation (IFC), a sister organization of the World Bank and member of the World Bank Group - is the largest global development institution focused on the private sector in developing countries.

11. Jhelum Investment Fund

Jhelum Investment Fund is registered with Securities and Exchange Board of India as category II Alternate Investment Fund. The Fund's objective is to deliver returns to its investors through combination of capital appreciation and current income by investing in Companies in growth sectors having high corporate governance standards and impeccable track record.

12. LOK CAPITAL Growth Fund & Sarva Capital LLC

Lok promotes inclusive growth in India by making long-term equity investments. Launched in 2004, it backs entrepreneurs who cater to large, underserved segments through investments in financial services, agriculture/livelihood and healthcare sectors. In addition to capital, Lok supports the portfolio companies through a variety of engagements which include fellowship programs and technical assistance.

13. Norwegian Microfinance Initiative

Established in 2008 in Oslo, Norway, as a public-private partnership, NMI invests in and supports institutions providing financial inclusion to poor people across Sub-Saharan Africa and Asia. Its investors include the Norwegian and Danish governmental funds for developing countries (Norfund and IFU) and private financial institutions and family offices from Norway and Denmark. It aims to create positive social impact and sustainable financial returns through both equity and debt investments. NMI manages funds across the globe, of which few direct investments are in India also.

14. RBL Bank Limited

RBL Bank is one of India's leading private sector banks with an expanding presence across the country. The Bank offers specialized services under five business verticals: Corporate & Institutional Banking, Commercial Banking, Branch & Business Banking, Retail Assets and Treasury and Financial Markets Operations. It services its customers through network of branches, business correspondent branches (including of banking outlets) and ATMs, with its customer touchpoints spreading across the Indian States and Union Territories. RBL Bank is listed on both NSE and BSE (RBLBANK)

15. responsAbility Participations Mauritius

responsAbility Participations AG is a company limited by shares with its registered office in Zurich, Switzerland. The company targets long-term participations in established and primarily unlisted companies in emerging and transitioning economies, with a particular focus on institutions which provide financial services to micro, small and medium-sized enterprises and/or low-income clients. responsAbility Participations AG is managed by responsAbility Investments AG, a sustainable investment house that specializes in impact, having a track record of two decades in sustainable investments.

16. Shriram Life Insurance Company Limited

Shriram Life Insurance Company (SLIC) was set up in the year 2006, with Sanlam Group, South Africa as its Joint Venture partner. Synonymous for its efficient use of capital and low operational costs, SLIC has been true to the Shriram Group's philosophy of financial inclusion by penetrating the unexplored segments to the section, where it is needed the most - The 'AAM AADMI' (Common Man).

It offers comprehensive protection and long-term savings life insurance solutions and has a network of offices across India. It is the only insurer to have made profits in the first year of inception and for 16 out of 17 years of operations.

17. Small Industries Development Bank of India

Small Industries Development Bank of India (SIDBI) set up on April 02, 1990 under an Act of Indian Parliament, acts as the Principal Financial Institution for Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector as well as for co-ordination of functions of institutions engaged in similar activities.

Its Mission is to facilitate and strengthen credit flow to MSMEs and address both financial and developmental gaps in the MSME eco-system.

Its Vision is to emerge as a single window for meeting the financial and developmental needs of the MSME sector to make it strong, vibrant and globally competitive, to position SIDBI Brand as the preferred and customer - friendly institution and for enhancement of shareholder wealth and highest corporate values through modern technology platform.

18. Triodos Microfinance Fund

Triodos SICAV II - Triodos Microfinance Fund (Triodos - TMF) aims to support an accessible, well-functioning and inclusive financial sector across the globe by providing loans and equity to microfinance institutions that demonstrate a sustainable approach, including small and medium-sized enterprises; hereby offering investors a financially and socially sound investment in Financial Inclusion. The fund is established in Luxembourg. Triodos Investment Management acts as investment manager of the fund.

NOTES

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CIN: U65191UP1990PLC045609
RBI NBFC - CIC - NDSI Certificate: C.07.00781