Utkarsh CoreInvest Limited
(Formerly Utkarsh Micro Finance Limited)

Annual Report

FY 2023-24

CIN: U65191UP1990PLC045609
RBI NBFC - CIC - NDSI Certificate: C.07.00781

www.utkarshcoreinvest.com

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), Mumbai - 400069, Maharashtra, India
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 (Membership No. 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.

FROM THE DESK OF MD & CEO

Utkarsh CoreInvest Limited
(Formerly Utkarsh Micro Finance Limited)

SUMAN SAURABH
MD & CEO

I am pleased to share with you the 34th Annual Report of Utkarsh CoreInvest Limited.

Indeed, it is a testimony to the interest and your unwavering support to the Company, which made the 14 years' journey of the Company worth cherishing not only being transformed to Utkarsh CoreInvest Limited (UCL), a Public Limited Company, from Utkarsh Micro Finance Private Limited but also to have a giant leap entering into banking ecosystem through Utkarsh Small Finance Bank Limited (USFBL), established in the Year 2016-17 with its registered and corporate office at Varanasi, by obtaining Small Finance Bank license from Reserve Bank of India.

Our Banking Subsidiary i.e. USFBL is now a 'Listed' banking company by raising equity capital of ₹500 crore gaining a recognition of being a 'trusted' entity through overwhelming response to the Initial Public Offer (IPO) by investors. The IPO has not only enabled the Bank to fulfil its licensing conditions but also paved the way of equity dilution of its promoter i.e. Your Company Utkarsh CoreInvest limited which now holds 69.06% equity stake in USFBL as at March 31, 2024.

Non-Banking Financial Companies (NBFCs) has imprinted its remarkable foot prints in the financial landscape of the country since its' emergence as a significant source of finance for economically unserved and underserved people. Reorientation of the regulatory amended framework in the form of 'Reserve Bank of India (Non-Banking Financial Company- Scale Based Regulation) Directions, 2023 issued on October 19, 2023 has assumed utmost importance post launch of the principle of proportionality issued to be the best fit in the form of 'Scale Based Regulation (SBR)' by Reserve Bank of India, issued on October 01, 2022. The 2023 Master Direction moves away from the binary categorisation to a scale centric framework of regulations tailored based on the operational size of NBFC allowing more flexibility, ethical business practices, customer protection, better governance standards and sound risk management measures.

RBI new IT Governance Direction encompasses NBFCs to a comprehended IT practices came into effect on April 1, 2024. It aims to standardise IT governance, risk management and assurance practices safeguarding financial operations against IT and regular risks in an increasingly digital financial ecosystem.

Indian economy, despite geo-political challenges, presents a picture of confidence, positivity and optimism. Indian economy with many facets and folds reflect a lot of promise gaining a momentum in GDP 8.2% in the year 2023-24.

Our Banking Subsidiary i.e. Utkarsh Small Finance Bank sets a milestone being 'Listed Company' during the year 2023-24 and extends its outreach in 26 states and Union Territories having an expanded net-work of 888 branches across the country, bringing more than 45 lakh customers in its fold.

The focus of the Bank is to create a future for all where a financial inclusivity, self-reliance, digital access and prosperity are there to bringing a smile to unserved and underserved across its outreach. Deposit base of the Bank reached to ₹17,473 Crore with the growth of 27.44% while loan book has grown by 31.11% to 18,299 crore during FY 2023-24 through 888 Banking Outlets and 320 ATMs and 612 micro ATMs pan India, spread over 224 Districts of 22 States and 4 Union Territories, delivered by over 16,000 employee base. The Bank is carrying forward the endowed legacy of serving to under-banked population of the country promoting financial inclusion. The Bank holds the highest standards of transparency and accountability adhering the best practices coping with the pace of rapid digital and business transformation initiatives.

According to the applicable accounting standard i.e. the Ind-AS based classification and categorizations, the Company has recorded total comprehensive income of 1.41 crore on a standalone basis and 354.12 crore at consolidated level. The consolidated level net advances were ₹17,608 crore and the total deposits were ₹17,997 crore as at the close of the financial year. The Company's Net-worth as on March 31, 2024 stood at ₹850.49 crore comprising of paid-up equity capital of ₹98.74 crore and Reserves of ₹751.75 crore (excluding Revaluation Reserve, Investment Reserve and Intangible Assets) on standalone basis. Whereas, on a Consolidated basis, the Net-worth stood at ₹2,022.90 crore comprising of paid-up equity capital of ₹98.74 crore, Reserves of ₹1,924.16 crore and excluding non-controlling interest of ₹888.18 crore.

As at the close of the FY 2023-24, the Bank posted (as per applicable IGAAP accounting rules) a Net Profit of ₹497.63 crore against ₹404.50 crore in the last year. The Gross Non-Performing Assets (GNPAs) declined to 2.51% at year ended March 31, 2024 from 3.23% of the last year and the Net Non-Performing Assets (NNPAs) was at 0.03% compared to 0.39% in FY2022-23. A remarkable drift to declining trend of impaired assets reflects improvement in asset quality.

Bank has well penetrated rural and semi urban presence which not only signifies potential for growth but meets with the regulatory requirements of minimum of 25% of branches in Unbanked Rural Centres (URCs). As at March 31, 2024, Bank's banking outlets at URCs are at 27.14% of the total number of outlets across the country.

Our Banking subsidiary USFBL aims to promote financial inclusion and provide access to underserved and unserved sections of the society like women entrepreneur, low-medium income households, micro & small enterprises and affordable housing with its adequate presence in the less financial penetrated areas Bihar, Uttar Pradesh and Jharkhand accounting of 60% of the bank's gross loan portfolio as on March 31, 2024.

Bank has steadily built an impressive track record in the segment, laying the foundation for sustained growth. While the Bank continues to expand its micro-banking business, it is also building other retail loan products such as MSME (Retail assets), Housing, Commercial Vehicle (CV) & Construction Equipment (CE) loans.

Our Banking Subsidiary 'USFBL' constantly upgrading technology driven process and system, with an aim to provide superior customer experience. Bank is poised to offer the services through digital solutions such as Internet & Mobile Banking, Digi on-boarding for customer acquisition, entering into strategic fin-tech partnerships, UPI Lite for superior user experience with faster real time settlement, e-KYC E-Sign for facilitating faster and flexible process minimizing turn-around-time, RuPay contactless International Debit Card and Utkarsh Vyapar, a complete digital store for merchant payment solution. Apart USFBL also offers a bill payment system and distribution of third party products such as insurance and mutual funds for ease of access to third party products by customers of our Banking Subsidiary.

The credit scene of our Banking Subsidiary 'USFBL' is also drifting towards non-micro finance lending. The share of non-micro finance lending portfolio has increased to 38.18% as on March 31, 2024 from 33.97% of the last year ended March 31, 2023.

Our Banking Subsidiary i.e. USFBL was the recipient of 'Credit monitoring & Risk Team of the Year' award at The India Credit Risk Summit & Awards 2024 and has also been awarded with "Most Preferred Workplace 2023-24 (BFSI Edition) by Marksmen Daily

I wish to express my gratitude, to our Partners, the Shareholders for their remarkable support & patronage and providing strategic inputs through the challenging phase of pandemic.

I also sincerely thank all our (including of our both the subsidiaries) Board Members, investors, partners, employees, customers and all such other stakeholders 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!
Suman Saurabh
Managing Director & CEO

BOARD OF DIRECTORS

Mr. G. S. Sundararajan

(Non- Executive Independent Director, Chairperson of the Board)

• Mr. G. S. Sundararajan is presently serving on Boards of several reputed companies in the Banking and Financial Service 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. Aditya Deepak Parekh

(Nominee Director representing Faering Capital)

• Mr. Aditya Deepak Parekh is the Co-founder of Faering Capital and has over 20 years of global and Indian experience in private equity and investment banking. Mr. Aditya serves on the Board of several Faering Capital portfolio companies including Utkarsh CoreInvest Limited, Finova Capital, and Bikebazaar.

• 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. Suman Saurabh

(Managing Director & CEO)

• Mr. Suman has over 16 years of industry experience especially in Bank and Micro Finance domain. He has handled senior management roles in different control and support functions at Utkarsh Small Finance Bank. Prior to appointment as MD & CEO of UCL, Mr. Suman was with Utkarsh Small Finance Bank (USFBL) as Head Structured finance and Lending. Initially he had joined Utkarsh Small Finance Limited as Head Finance & Corporate Communication.

• Prior to joining Utkarsh, he was with Bhartiya Micro Credit as Director and Chief Executive Officer. He also had stint with Bharitya Harit Khadi Gramudyog Sansthan as Founding Member Secretary, YTS Solutions Private Limited as General Manager Credit Products, Yes Bank Limited as Vice President, Food & Agri Business Research Management, Northern Arc Capital Limited (erstwhile IFMR Capital) as Business Head North and East India, IFMR Mezzanine Finance Private Limited as Senior Analyst, Business Development and Peoples' Association for Research and Development as District Co-ordinator. He started his career as a Field Supervisor with Gramudyog Hastkala Kendra.

• He is a PGDRM (Finance) from Institute of Rural Management, Anand (IRMA) and an Honours Graduate in Geography from Magadh University Bodhgaya.

Mr. Atul

(Independent Director)

• Mr. Atul has over three (03) decades 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 (DGP), Uttar Pradesh (UP), DGP 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 Presidents 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.

COMMITTEES OF THE COMPANY

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

Sl. No.	Name of the Committee	Statutory & Regulatory 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. Aditya Deepak Parekh, 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. Atul, Independent Director* 3. Mr. Aditya Deepak Parekh, Nominee Director* 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. Aditya Deepak Parekh, Nominee Director* 4. Mr. T. K. Ramesh Ramanathan, Nominee Director^
4	Share Allotment Committee (SAC)		1. Mr. Atul, Independent Director* 2. Mr. Aditya Deepak Parekh, Nominee Director 3. Mr. T. K. Ramesh Ramanathan, Nominee Director^ 4. Mr. Suman Saurabh, 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. T. K. Ramesh Ramanathan, Nominee Director^ 5. Mr. Suman Saurabh, 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. T. K. Ramesh Ramanathan, Nominee Director^ 4. Mr. Suman Saurabh, Managing Director & CEO

^ Directorship held till March 13, 2024.
** Appointed Board Committee w.e.f March 13, 2024*

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: responsible, sustainable and scalable institution.

i. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
ii. Review and monitoring the auditor's independence and 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 and the CSR Committee shall formulate and recommend to the Board an annual action plan in pursuance of this Policy, 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; and
v. details of need and impact assessment, if any, for the projects undertaken by the company:
vi. the mechanism and adherence of necessary compliance under the applicable CSR Act and Rules, including for the unspent CSR Amount, if any.

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. Suman Saurabh

Mr. Suman Saurabh has over Sixteen (16) years of BFSI industry experience especially in the domains of Investors Relationship, Client Acquisition, Corporate Lending, Due Diligence, Structuring, Portfolio Management, Wholesale Banking, Credit Analysis, Product and Process Development, Financial Planning and Analysis, Fund Raising and relating Banking Operations.

Currently, he is with Utkarsh Small Finance Bank (USFBL) as the Head of Structuring Desk (team responsible for structured finance). He has also been the Head - Wholesale Banking Business & Process Support and Head - Finance & Corporate Communication being part of the IPO Team.

Prior to USFBL, he had stints with other entities, including Bhartiya Micro Credit as Director & Chief Executive Officer; Bhartiya Harit Khadi Gramoday Sansthan as Founding Member Secretary; YTS Solutions Pvt. Ltd. as General Manager, Credit Products; Yes Bank Ltd. as Vice President, Food and Agribusiness Research Management (FARM); Northern Arc Capital Limited (Erstwhile Known as IFMR Capital) as Business Head, North & East India; and IFMR Mezzanine Finance Pvt. Ltd. as Senior Analyst, Business Development.

He is a Rural Management Graduate from Institute of Rural Management, Anand (IRMA) and a B. A. (Geography Hons.) Graduate from Magadh University. He also has certifications in 'Rural Marketing' and 'Rural Business Development' from Entrepreneurship Development Institute of India, Ahmedabad.

Mr. Harshit has over twelve (12) 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.

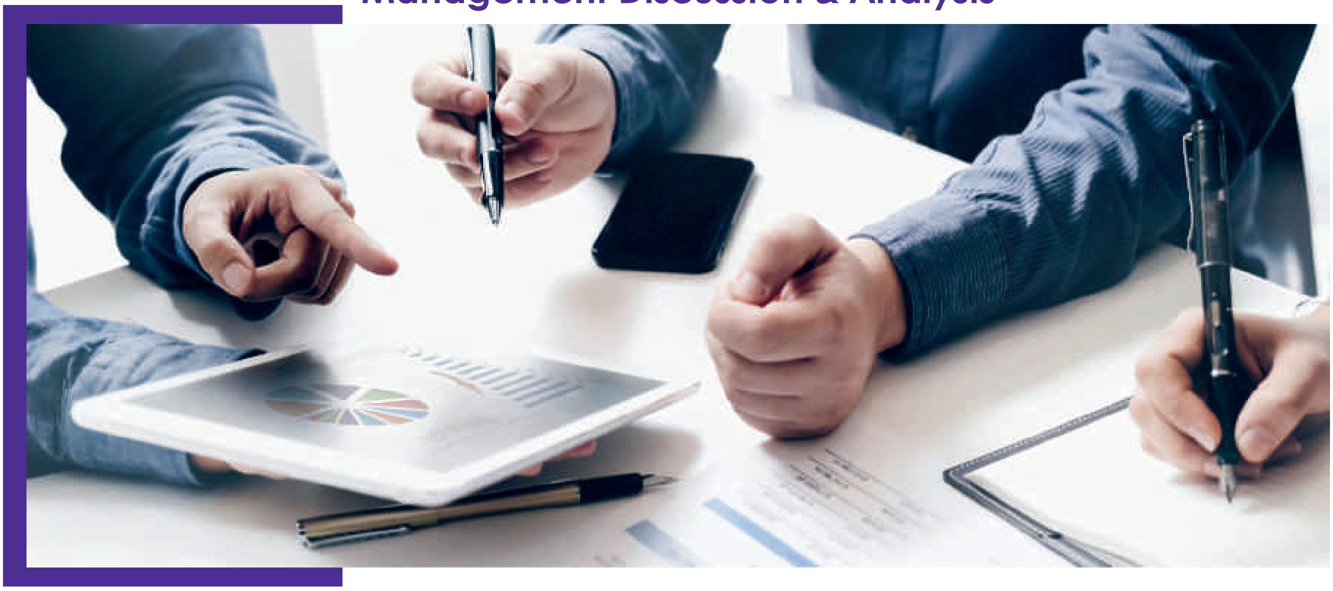
Mr. Harshit Agrawal

Mr. Neeraj Kumar Tiwari

Mr. Neeraj has over ten (10) 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 & ANALYSIS

Management Discussion & Analysis



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

The Banking Subsidiary i.e. USFBL began its banking journey with a small 'step' having four (4) branches at Varanasi and diverged its way from limiting periphery to all across the Country reaching to 26 states (including 4 Union Territories) of the country bringing in more than 4.5 million customers of varied segments being served by dedicated 16,081 employees of the Bank. USFBL marched forward during the year 2023-2024 with 'Resilience and Inclusive' approach, illuminating the lives of underserved and unserved communities of the society and served all aligning to its Vision and Mission at the center through its 888 branches.

The Banking subsidiary successfully completed six (07) full years of its banking operations on January 22, 2024. During the FY 2023-24, 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 the 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'.

At the financial year end March 31, 2024, the Company was holding 69.06% stake at the Bank.

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

While the global economy grappled with macroeconomic challenges, India sustained its positive growth trajectory in Global comment - FY23-24. India's economy showcased a remarkable surge, with the GDP growth rate reaching an impressive 7.6% in FY 2023-24. Driving this strong economic momentum was a substantial uptick in private investment spending, which grew by 10.6% year-over-year (YoY).

INDUSTRY OVERVIEW

Indian banking industry

Banking Sector loan portfolio is estimated to grow by 16% (excluding HDFC merger impact) and deposits estimated to grow by 13% during FY 2023-24.

Small finance banking industry

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

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

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

The successful IPOs and listings of four small finance banks (SFBs) during FY 2023-24 mark a significant milestone in regaining investor confidence in the sector. The healthy investor interest witnessed in these IPOs, coupled with the availability of adequate capital for growth and the acceptability of SFB shares among public market investors, reflect the investor's trust in the sector. This achievement demonstrates the sector's ability to overcome challenges, adapt to changing market conditions, and position itself as a credible investment opportunity. With eight SFBs now listed, the sector has gained greater visibility and credibility, attracting a broader range of investors seeking to participate in the growth story of these specialized banks, which cater to the underbanked and unbanked segments of the population.

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

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

Microfinance industry

The Indian Microfinance Institution (MFI) industry has emerged as a crucial driver of financial inclusion. They play a significant role in providing access to credit, savings and other financial services to individuals and small businesses that are often overlooked by traditional banking channels. MFIs have become instrumental in promoting entrepreneurship, improving income generation and overall socio-economic development in the rural and semi-urban areas. The microfinance industry has made concerted efforts to expand its reach into rural and semi-urban areas, and these efforts have yielded positive results. The microfinance loan portfolio witnessed robust growth, expanding by 25% yearon-year to ₹3.99 lakh crore as of December 2023 from ₹3.21 lakh as on December 2022. This growth was supported by the addition of 1 crore new clients over last one year serving 7.4 crore unique borrowers.

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

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

Micro, Small and Medium Enterprises (MSME)

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

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

Housing Finance

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

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

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

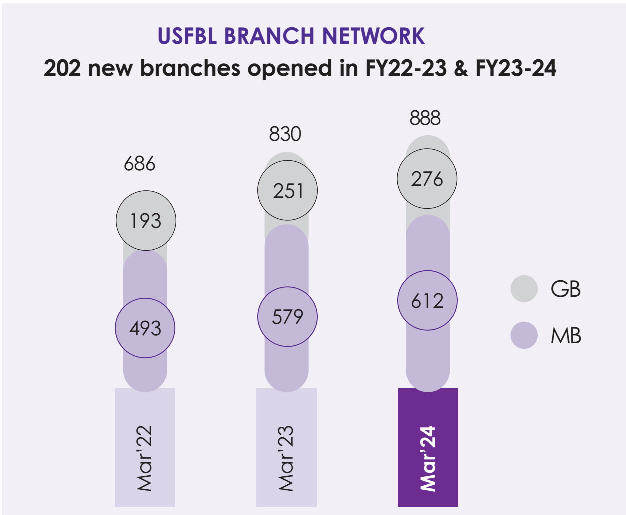
Commercial Vehicle and Construction Equipment Finance

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

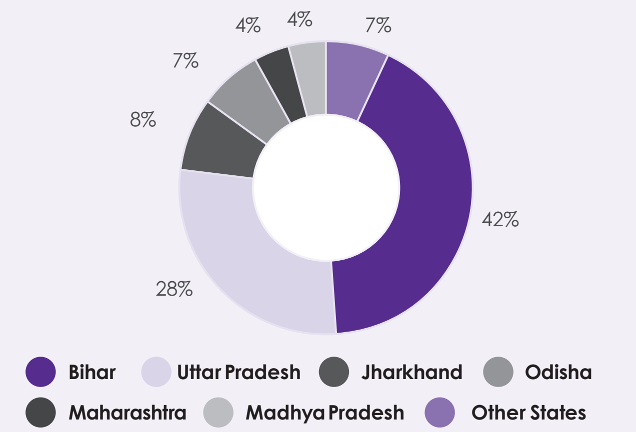
Similarly, the construction equipment industry in India is estimated to grow at a healthy pace. The increasing urbanization rate, coupled with the government's focus on improving road infrastructure and boosting infrastructure activities, are driving the demand for construction equipment. Notable initiatives,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

OUR BANKING SUBSIDIARIE'S OVERVIEW

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



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



Presence across 13 States / UTs

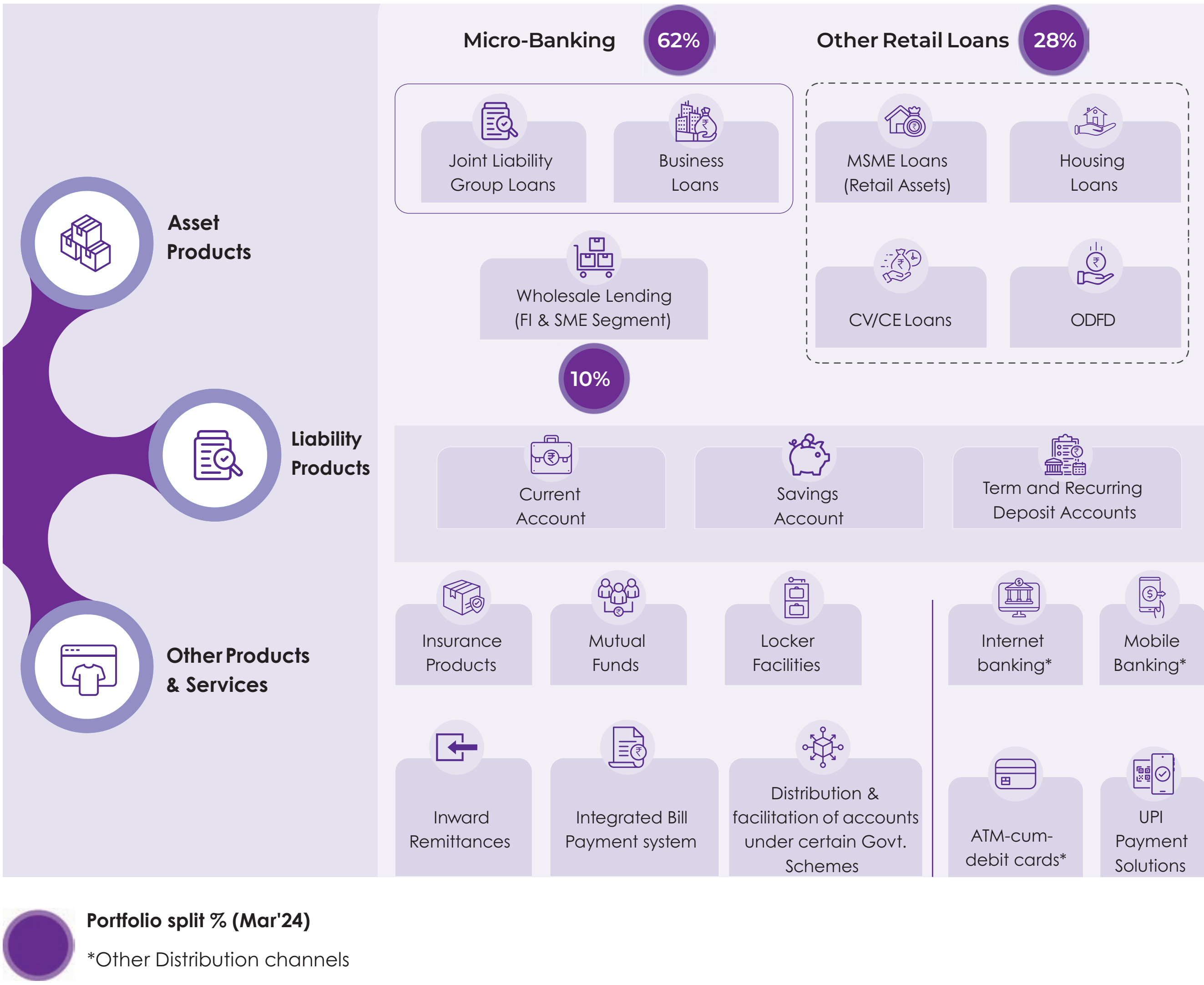
The Bank aims to promote financial inclusion and provide access to banking services to underserved and unserved sections of the society such as women entrepreneurs, low-medium-income households, micro and small enterprises, and low-middle income home buyers. In line with the objective to serve the underserved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

Utkarsh CoreInvest Limited (UCL) started micro-banking lending from Uttar Pradesh in September 2009. Further the Banking subsidiary USFBL, since its inception in the year 2017, has steadily built an impressive track record in the segment, laying the foundation for sustained growth. While the Bank continues to expand its micro-banking business, it is also building other retail loan products such as MSME (Retail Assets), Housing and CV & CE.

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

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

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



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

Key highlights of our Financial Performance during FY 2023-24

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

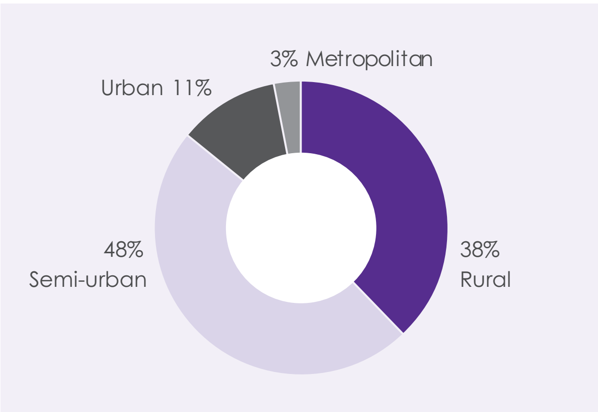
Figures in [ ] represent FY 2022-23; Ratios basis monthly average balances;
*Post effect of the proposed dividend for FY 2023-24, which has impacted CRAR by ~43 bps

BUSINESS PERFORMANCE

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

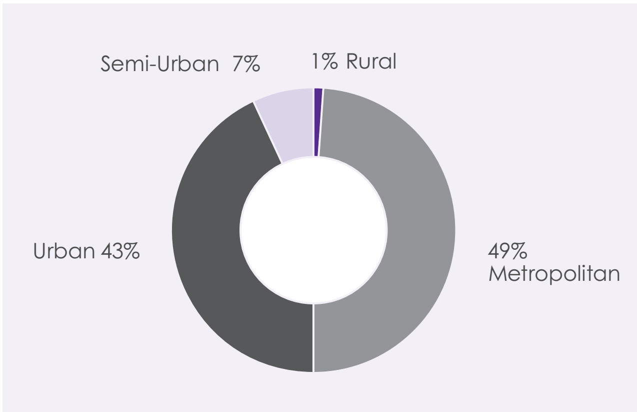
On the other hand, GB branches focus on garnering deposits. The Bank has adopted the strategy to target the top 100 locations that can facilitate deposit mobilisation to expand its GB branches network.

Demographic Break up of MB Outlets



86% Branches in Rural & Semi-urban areas

Demographic Break up of GB Outlets

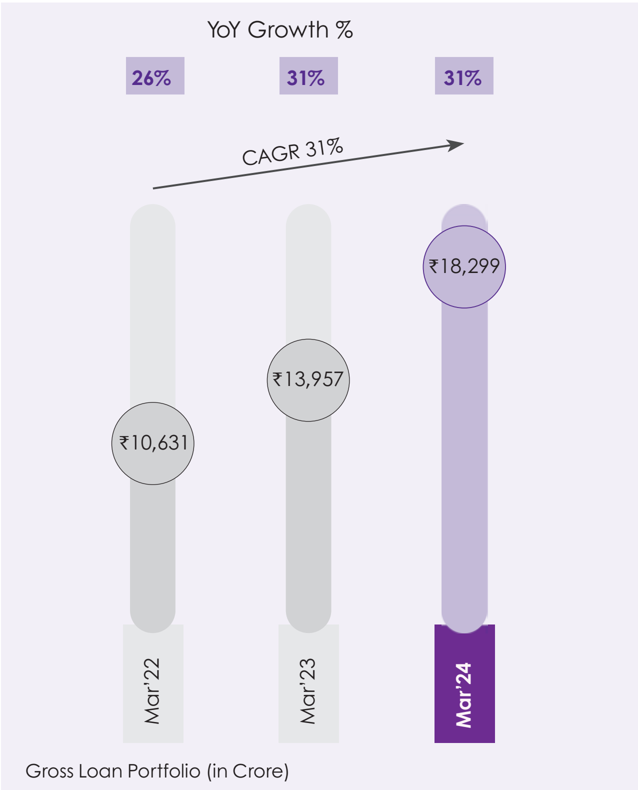


92% Branches in Metropolitan & Urban areas

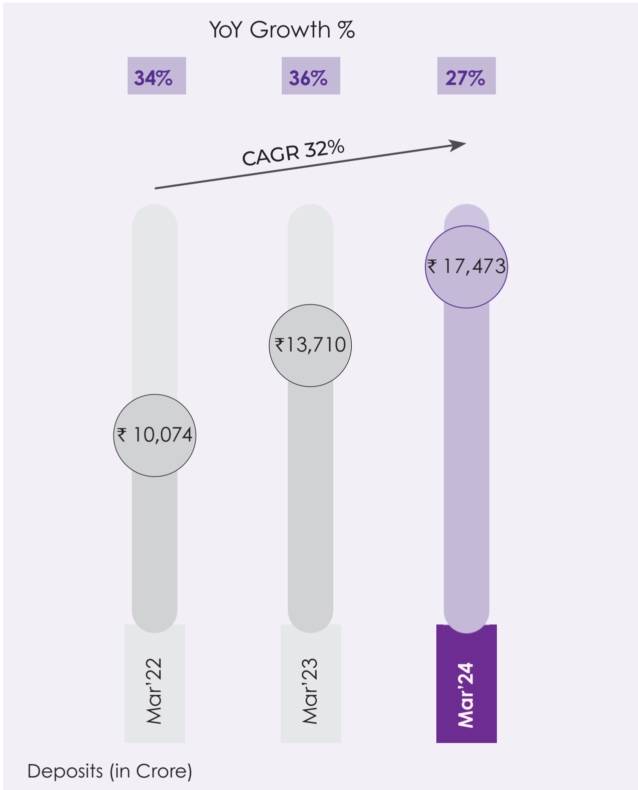
As of March 31, 2024, the Bank was operating its MSME (Retail Assets) loans, housing loans and CV & CE loan verticals across 86, 56 and 44 branches respectively. The existing branch network provides significant cross-sell opportunities as well as cater to diversified clientele base.

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

Loan Book Growth



Deposits Growth



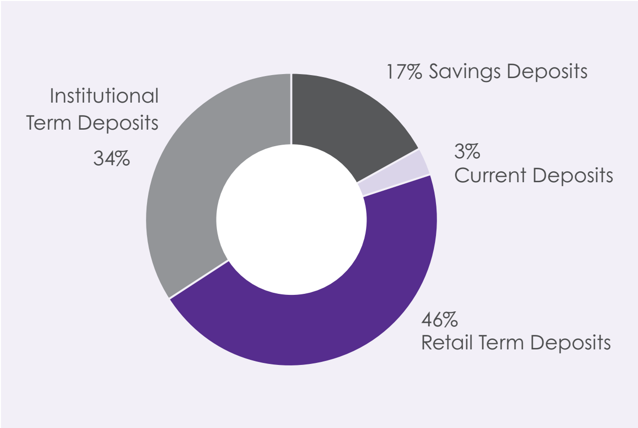
Liabilities – Deposits

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

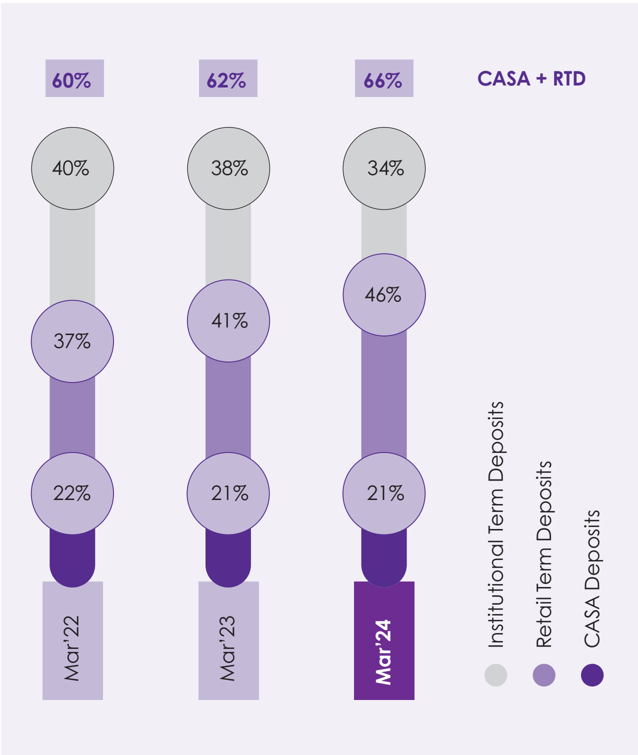
Deposit mobilisation from retail customers remain the most stable source of funding to the Bank and is keenly focused by the management for a healthy and granular deposits profile. The Bank's total retail term deposit base grew by 42.9% in FY 2023-24 to ₹7,968.41 crore as of March 31, 2024 from ₹5,575.13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

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

Deposits Composition as on March 31, 2024



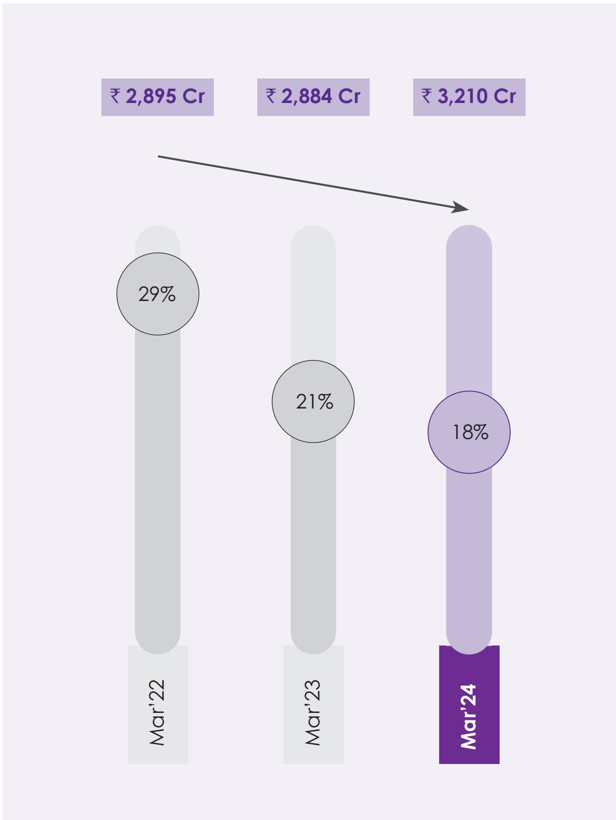
The Bank's CASA deposits grew by 25.09% in FY 2023-24 to ₹3,582.31 crore as of March 31, 2024 from ₹2,863.74 crore as of March 31, 2023. The growth in CASA deposits was impacted by hardened interest rate scenario because of which depositors would have preferred term deposits and other fixed income investments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



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

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

Decline in Top-20 Depositors Concentration



Geographically well diversified mix of deposits

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

Geographical Split of Deposits

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

Customer services and digitalization

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 technological infrastructure base, the Bank has focused on building a strong technological infrastructure with high availability and a robust architectural foundation for overall deposit growth. It is the prime objective of the Bank to enhance customer experience with digital channels such as debit cards, POS, ATMs, internet banking, mobile banking and a well-served customer care Call Centre, along with a consistently expanding branch network.

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

- **Internet Banking** and **Mobile Banking:** Bank offers advanced, secure and robust applications to the customers that streamlines operations.

- **Digi On Boarding:** In order to digitise customer acquisition, the Bank had launched tablet-based account opening system.

- **Utkarsh UPI Application:** Utkarsh UPI application includes two-factor authentication along with SIM and device binding that enhances security and eases convenience during digital payments.

- **Fintech:** The Bank is entering into strategic partnerships with fintech companies to bolster digital initiatives.

- **UPI Lite:** USFBL launched UPI Lite, allowing transaction upto ₹200, through single click payment system without any UPI Pin. This initiative offers superior user experience with faster real-time settlement.

- **e-KYC E-Sign:** Utkarsh SFBL has started E-Sign and E-KYC to facilitate faster and flexible process, reducing turnaround time with its paperless processes.

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

- **RuPay Contactless International Debit Card:** Launched three new variants of RuPay Debit Card with contactless and International Transaction functionality.

- **Utkarsh Vyapar:** It is a complete Digital Store for merchants powered by Getepay. Utkarsh Vyapar is a comprehensive merchant payment solution from Utkarsh SFBL. This offers the merchants an opportunity to grow their business through digital solutions.

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

ASSETS – LENDING PRODUCTS

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

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

Micro-Banking Lending

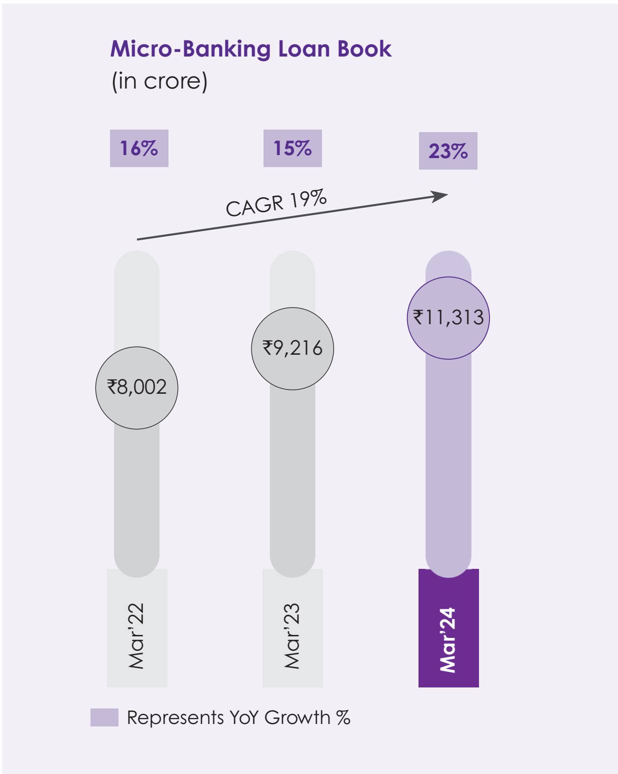
Commencing its operations from September 2009 from Uttar Pradesh, USFBL takes pride in establishing an impressive record in the microbanking sector. The rural and semi-urban areas are relatively underserved sections of the society; the Bank's marked presence in those areas contributed significantly to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

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

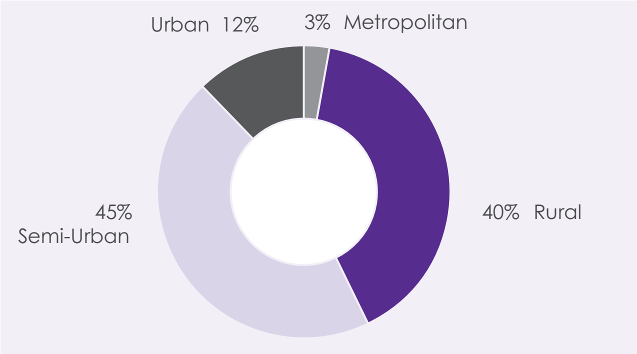
At the same time, the presence of JLG structure with a strong and frequent physical connect with borrowers, leads to a healthy credit discipline among the borrowers. These characteristics make micro-banking business an economically viable proposition over the cycles while also bringing the much-needed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

The growth can be primarily attributed to robust new customer acquisition and healthy subsequent loan cycle disbursements. The Bank is expected to maintain sustained growth in the microbanking loan sector owing to marked presence in relatively underserved geographies. Furthermore, digital onboarding for loan as well as savings account opening, E-sign, E-KYC, digital collections through customer specific QR code, micro-ATM, video PD and other offerings will serve as a backbone in building a strong & sustainable franchise with cost efficiency.

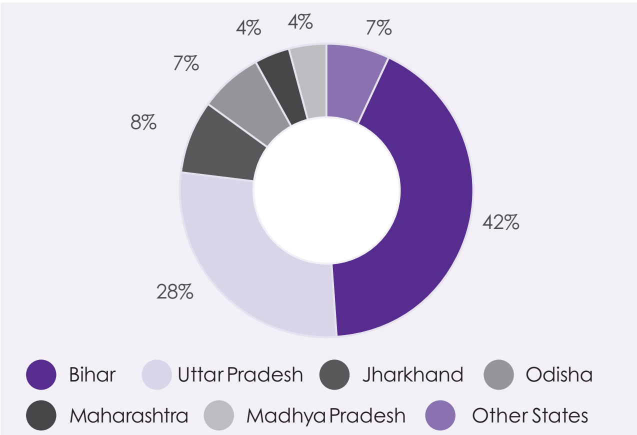
Furthermore, while the USFBL's core geography of Bihar and Uttar Pradesh remain the mainstay of Bank's microbanking portfolio, the Bank has been increasing its microbanking footprints to newer states. As on March 31, 2024, the Bank's micro-banking loan portfolio is spread across 13 States & UTs covering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



Demography wise break-up of Bank's micro-banking Portfolio



State wise break-up of Bank's Micro-Banking Portfolio



Presence across 13 States / UTs

The Bank provides cashless disbursement in the microbanking segment and disburses all the loans in the bank accounts of the customer. Furthermore, the Bank is continuously stepping towards increasing digital collections primarily through customer specific QR code and Bill desk payment gateway. The Bank is expecting increase in cashless collections going forward. The increase in penetration of cashless collection is likely to reduce operational risk pertaining to physical cash as well as improve the efficiency of the field staff, apart from benefit of cashless mode of payment to the underlying client.

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

The Bank offers following products under microbanking lending:

Amount in ₹ Cr

Break up of Micro-Banking Portfolio	Mar-2023	Mar-2024
Joint Liability Group Loans	₹ 8,880	₹ 10,634
Micro-Banking Business Loan	₹ 332	₹ 671
PM SVANidhi	₹ 4	₹ 7
Total Micro-Banking Portfolio	**₹ 9,216**	**₹ 11,313**

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

Micro Banking Business Loans (MBBL)

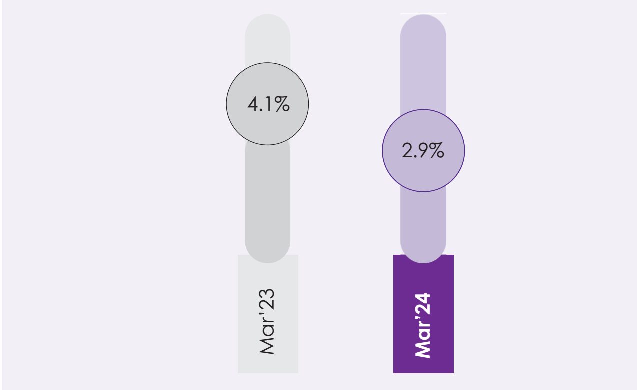
With an objective to meet the increasing funding requirement of customers who have completed multiple loan cycles with the Bank, the Bank offers MBBL loans to its existing matured JLG borrowers. The Bank's MBBL loan portfolio doubled, albeit on a smaller base, during FY 2023-24 to ₹671 crore, as of March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

MBBL Loan Book (in crore)

PM SVANidhi Loan Scheme

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

Micro-Banking Loans - Gross NPA %



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

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

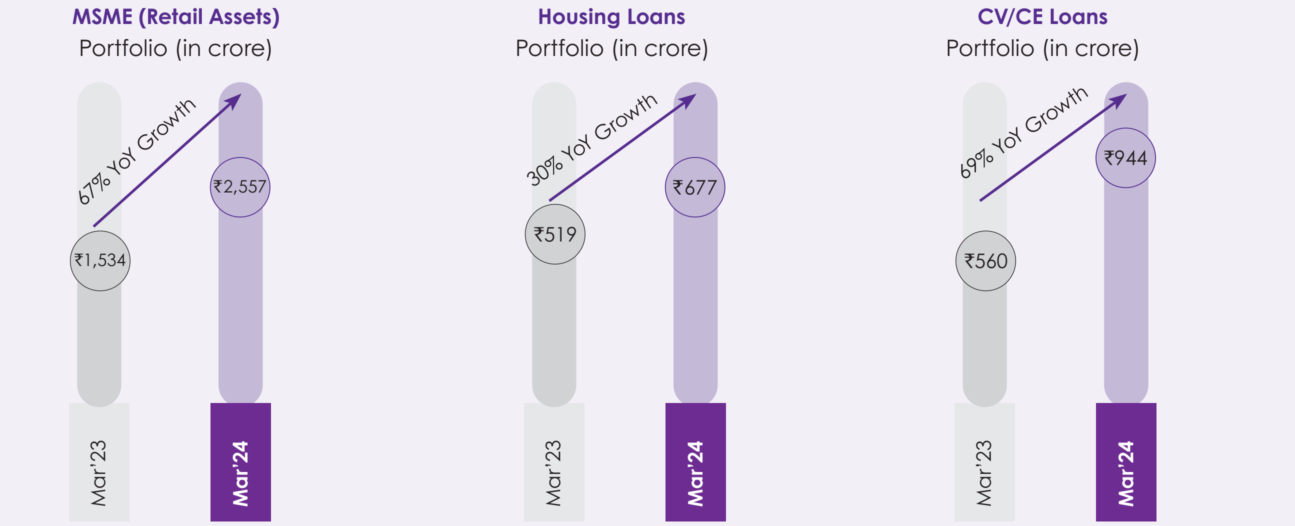
As of March 31, 2024, the Bank has opened more than 19.5 lakh BSBDA Savings Bank Accounts. These accounts were introduced to provide suitable saving and finance products to borrowers and develop the habit of saving among the microfinance borrowers.

The Bank offers Atal Pension Yojana (APY) to savings bank account holders in the age group of 18 to 40 years. The Bank acts as a Point of Presence and aggregator and enrols subscribers through architecture of the National Pension System. This product promotes savings amongst micro finance borrowers as well as provide security post-retirement age. Furthermore, the Bank also offers Hospicash (a health insurance product) to its customers which not only provides health insurance cover for hospitalisation expenses but also work as wage loss cover for micro banking customers due to hospitalisation.

Other Retail & Wholesale Lending Book

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

Other Retail Assets Lending Vertical



MSME (Retail Assets) loans

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

Housing loans

Housing finance segment continues to be a significant contributor to the growth trajectory in our country. USFBL focuses on providing affordable housing loans to self-employed and salaried individuals, targeting formal, informal and semi-formal income segments. As of March 31, 2024, the Bank offers housing loans through 56 branches. The housing loan portfolio witnessed an increase from ₹519.25 crore to ₹676.59 crore during FY 2023-24, recording a growth of 30%. This growth can be attributed to the Bank's consistent focus on building the housing loan book, expanding network and a relatively small base of the Bank's housing loan portfolio.

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

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

The Bank caters primarily towards small fleet operators and in the core geographies of Bihar, Jharkhand and UP which are relatively underserved. While these geographies offer good growth potential, Chandigarh, Delhi NCR, Rajasthan and West Bengal are also proving to be lucrative markets for the Bank. With CV & CE loans being provided from 44 branches, the Bank's CV & CE loan portfolio have grown from H560.36 crore in FY 2022-23 to ₹944.44 crore in FY 2023-24.

Business Correspondent (BC)

In FY 2017-18, USFBL started the Business Correspondent (BC) Model to foray in untapped geographies and diversify the loan book. The BC partners acquire, manage and service customers as an extended arm of the Bank, following all the policies and procedures given in the internal governance structure. The Bank maintains BC partnerships for JLG, Small Business Loans, Personal Loans and Supply Chain Finance. BC partners manages a total loan book of ₹721.07 crore, attributing to 3.94% of the Gross Loan Portfolio as of March 31, 2024.

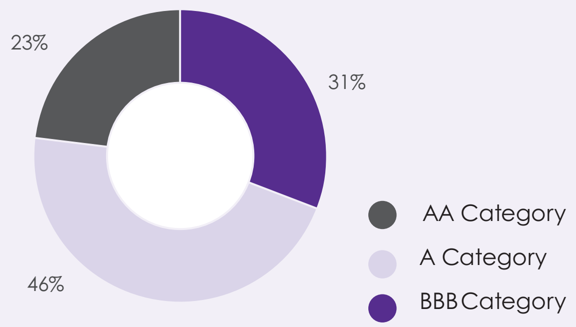
Wholesale Lending (WSL)

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

Amount in ₹ Cr

Break up of Wholesale Loan Portfolio	Mar-2023	Mar-2024
WSL FI Lending	₹ ,179	₹ 1,287
Business Banking Group (BBG)	₹ 368	₹ 596
Total WSL Portfolio	**₹ 1,547**	**₹ 1,882**

Rating Wise WSL FI Portfolio Break up



WSL FI Lending

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

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

Business Banking Group (BBG) Lending

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

Business Strengths & Strategies

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

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

Continue diversifying the retail asset portfolio

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

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

Expanding deposits base with focus on retail deposits

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

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

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

Healthy growth with healthy financial and cost-efficient operational performance

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

Focus on risk management and effective operations

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

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

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

Revolutionising use of technology and varied digital offerings

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

Business Technology Transformation project

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

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

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

The Bank had launched its Initial Public Offering (IPO) in July 2023 and raised equity capital of H500 crore by issuing 20 crore equity shares at ₹25 per share (including securities premium of ₹15 per share). The Bank's IPO was accepted well by the investors with overall subscription of 100 times. The IPO has enabled the Bank to meet one of the licensing conditions. As a result of IPO, promoter shareholding in the bank declined from 84.75% as on March 31, 2023 to 69.06% as on March 31, 2024. Capital raised through IPO coupled with accretion of profits resulted in increase of Capital plus reserves by 49% from ₹2,000 crore as on March 31, 2023 to ₹2,973 crore as on March 31, 2024.

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

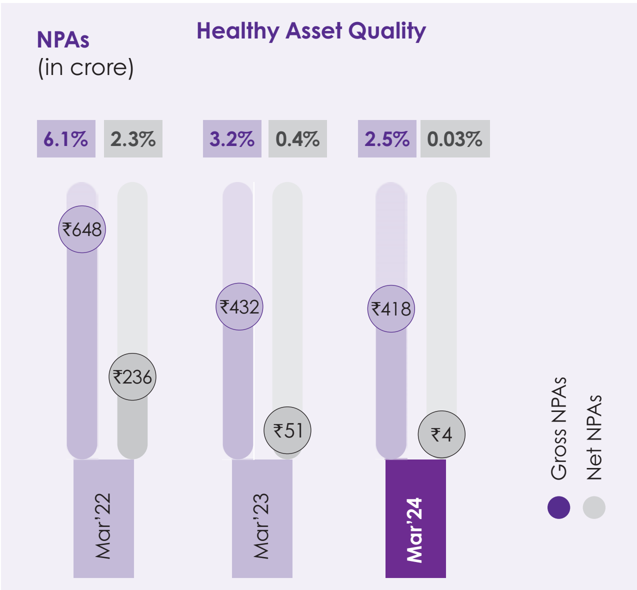
Financial inclusion and priority sector lending

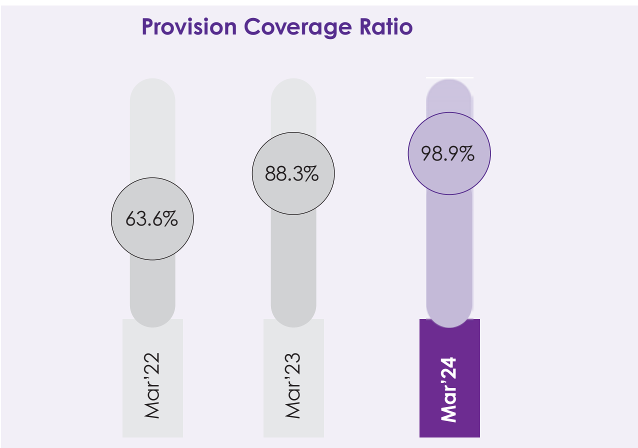
The Reserve Bank of India (RBI) has mandated a higher priority sector lending requirement for SFBs at 75% vs. 40% for universal banks. Owing to the Bank's legacy of serving under-banked population of the country and promoting financial inclusion, USFBL meets priority sector lending requirements comfortably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

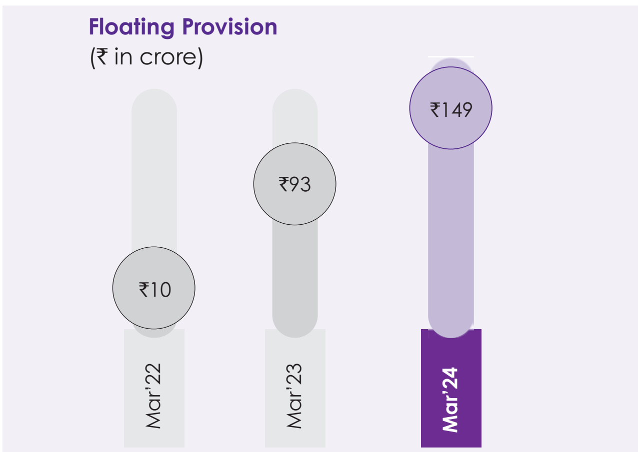
On overall basis, after netting of PSLC sale / IBPC, the Bank's PSL achievement (basis quarterly average) stood at 86.78% during FY 2023-24, against the regulatory minimum requirement of 75%. On account of higher proportion of PSL as compared to the requirement of the RBI, the Bank has been able to sell the surplus PSL portfolio through Priority Sector Lending Certificate (PSLCs) to earn non-interest income for the Bank. During FY2023-24, the Bank earned PSLC income of H103.65 crore. Furthermore, USFBL is comfortably placed on RBI's norms for SFBs to maintain loans with ticket size of up to H25 lakh, to be not less than 50% of the Bank's total loan portfolio.

The Bank's lending to the ticket size of less than ₹25 lakh was at 72.2% of the gross loan portfolio as on March 31, 2024. The Bank witnessed improvement in asset quality during FY2023-24. Bank's Gross NPA reduced from 3.23% during FY 2022-23 to 2.51% as on March 31, 2024. Bank's Net NPA decreased from 0.39% as on March 31, 2023 to 0.03% as on March 31, 2024. The Bank has strengthened collections team by adding more manpower as well as separate team for bucket wise and vertical wise collections. The Bank has also implemented EBIX collection application for better tracking of our collection efforts. These have strengthened Bank's collection efforts and are likely to support asset quality & collection efficiency.

During FY2023-24, the Bank has strengthened its provision cover by creating additional floating provision for its micro-banking loan book to mitigate against any unforeseen events or risks for micro-banking business. As a policy, the Bank has created floating provision equal to 1.5% of its opening JLG loan book, that is, H133 crore as of March 31, 2024. The Bank's provisioning policy aims to build adequate provision cover in normal times to absorb and mitigate any unknown events or risks for microbanking business. On an overall basis, the Bank had provision coverage ratio of 98.92% as of March 31, 2024, against 88.29% for FY 2022-23.







Financial performance

The Bank has reported strong financial performance during FY 2023-24 as reflected in healthy business growth, highest ever annual operating profit (pre-provision) of H997 crore and highest ever annual PAT of ₹498 crore in FY 2023-24. Bank's capital + reserves increased from ₹2,000.32 crore as on March 31, 2023 to ₹2,973.19 crore as on March 31, 2024.

Amount in ₹ Cr

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

Ratios basis monthly average balances

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

Income & Expenses

- The Net interest income (NII) of the Bank grew by 23.33% from ₹1,529.03 crore in FY 2022-23 to ₹1,885.80 crore in FY 2023-24. The growth in NiI in FY 2023-24 was supported by healthy growth in business during FY 2023-24. Bank's NIMs declined marginally from 9.71% in FY 2022-23 to 9.44% in FY 2023-24 on account elevated interest rate environment and declining share of high yielding micro-banking loan portfolio.

- The Other income of the Bank witnessed a growth of 33.78% from ₹299.31 crore in FY 2022-23 to ₹400.40 crore in FY 2023-24 supported by healthy growth in processing fees, income from sale of PSLCs, higher income from crossselling of third-party products, fee-based & transaction income and recovery from written-off accounts.

- The operating expenses of the Bank increased by 30.19% during FY 2023-24 primarily on account significant expansion in franchise (>200 new branches during FY 2022-23 & FY 2023-24). Cost-to-income ratio of the Bank remains comfortable at 56.38% in FY 2023-24.

- Pre-Provisioning Operating Profit (PPoP) of the Bank grew by 18.96% year-on-year to ₹997.27 crore in FY 2023-24 as compared to ₹838.32 crore in FY 2022-23.

- Overall credit cost was 2.2% for FY 2023-24. Credit cost included additional floating provision created during FY 2023-24, excluding floating provision credit cost was ~1.8% for FY 2023-24.

Profit after Tax & Dividend

- Bank's profit after tax increased by 23% in FY 2023-24 to ₹498 crore in FY 2023-24 vs. ₹405 crore in FY 2022-23. The improvement in PAT is also on account of decline in credit cost, with improvement in asset quality, during FY 2023-24 vs. FY 2022-23. The Return on Average Assets (ROAA) was healthy at 2.45% during FY 2023-24 and return on equity was 19.54% in FY 2023-24.

- The Board of Directors (BoD), at its meeting held on April 26, 2024, has proposed a dividend of ₹0.50 per share for the year ended March 31, 2024 subject to approval of the shareholders at the ensuing Annual General Meeting.

Credit-Deposits Ratio

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

NPA

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

CRAR

- The Bank raised equity capital of ₹500 crore through its IPO in July 2023 by issuing 20 crore equity shares at ₹25 per share (including securities premium of ₹15 per share). As a result of capital raised through IPO exercise and with accretion of profits, Bank's capital plus reserves increased by 49% from ₹2,000 crore as on March 31, 2023 to ₹2,973 crore as on March 31, 2024 and provides capital to meet growth plans of the Bank.

- The Bank's Capital to Risk weighted Asset Ratio (CRAR) stood at 22.57% as on March 31, 2024 compared to 20.64% as on March 31, 2023. Further, the Tier-I CRAR of the Bank stood at 20.95% as of March 31, 2024, compared to 18.25% as of March 31, 2023. Effect of the proposed dividend of ₹0.50 per share for FY 2023-24 has been reckoned in determining capital funds in the computation of capital adequacy ratios as at March 31, 2024.

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

Credit ratings

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

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

OUTLOOK

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

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

Material Orders passed by the Regulators

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

Internal Ombudsman (IO)

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

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

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

Grievances closed by IO in FY 2023-24:

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

Disposal of grievances by Bank during FY 2023-24:

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

Credit function

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

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

The major objectives of the credit department include:

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

Collection mechanism

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

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

Treasury

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

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

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

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

Risk Management

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

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

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

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

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

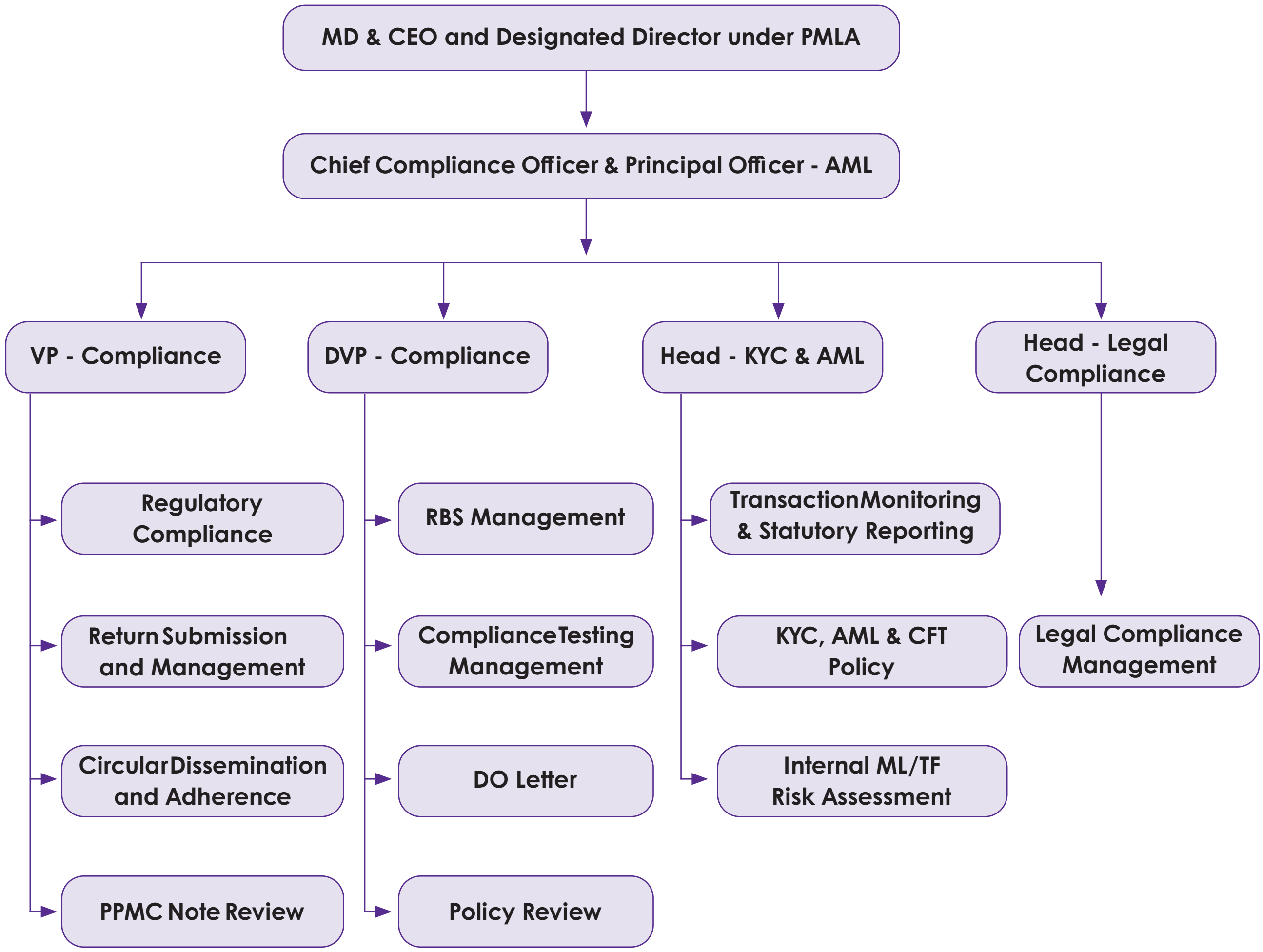
Bank has appointed a senior officer as Chief Risk Officer (CRO) of the Bank, who is responsible for managing various risk verticals such as Credit Risk, Market and Liquidity Risk, Operational Risk, Information Security Risk, and other Risks under the aegis of the Board approved risk management policies.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

Risk	Impact	Mitigants
Credit Risk	The Bank defines credit risk as the risk of loss associated with a borrower or counterparty default (failure to meet obligations in accordance with agreed- upon terms). Credit risk can adversely impact both the Bank's revenue and margins.	Credit Risk Management Committee (CRMC) oversees and reviews the Credit Risk. It is responsible for monitoring prudential limits on large credit exposures and portfolio concentration, portfolio management, loan review mechanism, risk concentration, monitoring and evaluation, provisioning, regulatory and other issues around it. The Bank has laid down various limits through Credit Risk policies to control the magnitude of credit risk. Portfolio review and monitoring are carried out through Early Warning Framework and Close monitoring of High Value Customers. Credit Risk Management Committee follows the following approach: • Adherence to the guidelines and policies related to credit, credit risk and NPA management as issued by the Reserve Bank of India (RBI) from time to time • Establishing a governance framework to establish an effective oversight, segregation of duties, monitoring and management of Credit Risk in the Bank • Setting up and monitoring of the credit and credit risk appetite and limits and taking suitable action in case of any report of breaches • Setting the framework for identification and monitoring of Early warning signals and Red flag accounts • Enhance use of structured internal and external data for taking informed decisions and usage of score cards for various decisioning • Undertaking stress testing and take suitable action based on results • Monitoring various global and domestic developments, analysing industry trends and issuing guidelines and directions

Risk	Impact	Mitigants
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, depositors and borrowing, enabling improved and informed decisionmaking 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.	The Operational Risk Management Committee (ORMC) is responsible for the implementation of the Bank's Operational Risk Management framework. All the new products and processes, as well as changes in the existing products and processes are subjected to risk evaluation by the ORM team. Considering the enhanced risk in outsourcing outlined by the regulator, Risk Management Function has been augmented with a structured Third-party Risk Management (TPRM) framework to oversee and review the risks associated with outsourcing of Third-party onboarding and Risk Assessment of Third party classified under outsourcing of Information Technology and Financial services. The Bank also has a well established Business Continuity Plan (BCP) framework which has been put in place to ensure continuity of service to its large customer base. The effectiveness of the approved Business Continuity Plan (BCP) framework is tested for all identified critical units to ensure readiness to meet various contingency scenarios and take corrective actions wherever any issues are observed. The Bank has smoothly managed to run its operations by adapting to various continuity plans. Bank has enhanced the BCP standards to ISO 22301 in the FY 2023-24.
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.	The Bank has set up a Fraud Risk Management (FRM) department as an independent group in the Bank to enable fraud prevention, monitoring, investigation, reporting and awareness creation. Further, the Bank also has a dedicated Risk Containment Unit (RCU) within FRM Department, which is tasked with reviewing the loan and liabilities applications as part of screening and sampling (S&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/NBFC, ensuring improved scrutiny of assets and liabilities applications. Furthermore, the Bank is using the EFRM system of NPCI and Inline Fraud Risk Management (IFRM) tool for monitoring the UPI transactions and other suspicious digital payment transactions across all channels except CIB, respectively.
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, confidentiality and integrity of business and customer information, the Bank has implemented security controls in accordance with the RBI cybersecurity framework. Regular security monitoring is in place and the Bank follows the regulatory guidelines issued from time to time. To ensure business continuity while maintaining security, controls like VPN (with multi-factor authentication), BCP and incident response plans are in place for handling both operational and security risks.

Risk	Impact	Mitigants
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 liquidity stress tests periodically. Periodical liquidity positions and liquidity stress results are reviewed by the Bank's ALCO and the Risk Management Committee of the Board. The Bank has set prudential internal limits in addition to regulatory limits on liquidity gaps, borrowings, deposits and placements, among others. The Bank maintains LCR/NSFR in accordance with the RBI guidelines and within the defined risk appetite of the Bank.
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 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. Bank has complied with Baseline Cybersecurity Resilience requirements of RBI. It has also implemented defence in= depth security at perimeter, network, application, data and physical layers. Cybersecurity awareness program is in place for customers, employees and partners. Furthermore, cyber risk insurance coverage is also in place for the Bank as a fallback against the risks of cyber incidents. Bank is ISO 27001:2013 certified. USFBL has received 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 Compliances. The Compliance Department has an established process of dissemination of guidelines or circulars released by various regulators, review of policies and tracking creation of new policies by the stakeholders, tracking timely submission of returns to regulatory authorities, correspondence with regulatory authorities, transactional alerts monitoring, drafting and vetting of agreements and advising various internal stakeholders on legal Compliances matter. This helps the Bank to ensure effective compliances with policies, regulatory guidelines, and applicable legal framework and action points as per the Regulator's expectations.

Following is the key process framework of Compliance Department:

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

Circular management process

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

Returns management process

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

Policy, management process

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

AML/Transaction monitoring process under PMLA 2002.

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

Compliance risk assessment framework

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

Risk-Based Supervision (RBS) data management.

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

Legal Compliances management

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

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

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

AUDIT AND INTERNAL CONTROL SYSTEMS

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

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

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

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

VIGILANCE MECHANISM

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

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

The Vigilance department imparts periodical training to the bank officials on vigilance awareness, surveillance, safety and security of the Bank's assets. The department also does surprise visits to branches to facilitate preventive vigilance. The Bank's Vigilance Tele calling team contacts to receive feedback on its vigilance measures. The Bank also work closely with police department and other related government departments. Furthermore, USFBL issue timely reminders on vigilance and security awareness. In cases of security issues, the team files police reports and send to concerned business teams for filing criminal cases against the guilty.

INFORMATION TECHNOLOGY (IT)

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

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

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

During this financial year, the Bank has taken significant strides towards paperless banking and cash less loan repayment. With the e-sign implementation, the Bank has enhanced customer experience by significantly improving convenience. Additionally, the cash less repayment through QR code or through bill desk UPI are value-added proposition for the customers.

The Bank has also enabled Lead Management Systems (LeMS) application to handle sales leads. It has also introduced digital platform via salesforce to setup assisted journeys in personal loan product. While collaborating with FinTech partners, the Bank has also automated its FD journeys for sales.

To improve the integration and monitoring capability with Fintech partners the Bank has implemented open banking API gateway. Customer onboarding Tablet solution caters to current account and fixed deposit customers. The Bank is also utilising Robotic Process Automation (RPA) to automate repetitive human tasks with the help of software robot. To scaleup availability of our IT infrastructure, the Bank has upgraded the data centre and network with latest hardware. Applications such as Automated Data Flow (ADF) and Centralized Information Management System (CIMS) and FinNet 2.0, to ensure that regulator expectations are met.

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

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

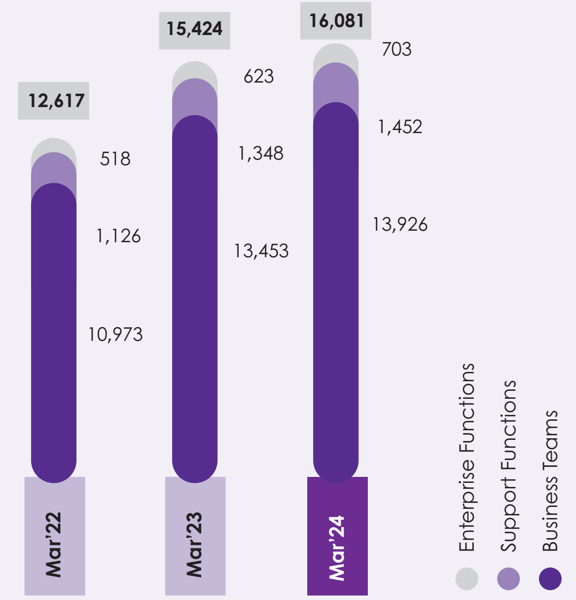
HUMAN RESOURCES AND TRAINING

The Bank recognises the importance of its workforce and strives to cultivate a collaborative and inclusive work environment, encouraging the employees to pursue excellence in their daily endeavours. The Bank understands that the highest potential of an employee can only be achieved when they feel connected to the purpose of the bank, align with the vision of the leaders and have a sense of belonging. As on March 31, 2024, the employee strength of the Bank grew to 16,081 employees.

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

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

USFBL's Employee Strength



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

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

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

DIRECTORS' REPORT

To
The Members
Utkarsh CoreInvest Limited

Dear Shareholders

On behalf of the Board of Directors, it is our pleasure to present the 34th 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, 2024.

The Company has adopted Ind AS since April 01, 2018 and accordingly, the financial statements 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, 2024:

(Amount in ₹ crore)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023	Change in %
Total Income	4.52	4.21	7%
Profit Before Interest, Depreciation & Tax (EBITDA)	**2.03**	**1.92**	**6%**
Finance Charges	-	-	-
Depreciation	-	0.02	(100%)
Provision for Income Tax	0.59	0.57	3%
Profit / (Loss) After Tax	**1.45**	**1.33**	**9%**
Other Comprehensive Income Actuarial gain / (loss) on defined benefit obligation	(0.03)	0.00*	(3300%)
Total Comprehensive Income	**1.41**	**1.33**	**6%**

**Absolute amount for FY2023-24 ₹3,24,390 (₹13,101 for FY2022-23)*

Further, the Company has recorded the following audited financial performance (on consolidated basis) for the year ended March 31, 2024.

(Amount in ₹ crore)

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023	Change in %
Total Income	3,383.55	2,938.19	15%
Profit Before Interest, Depreciation & Tax (EBITDA)	**1,845.46**	**1,830.34**	**1%**
Finance Charges	1,298.16	1,024.71	27%
Depreciation	108.89	74.23	47%
Provision for Income Tax	108.57	177.60	(39%)
Profit / (Loss) After Tax	**329.84**	**553.80**	**(40%)**
Other Comprehensive Income	24.28	(36.43)	167%
Total Comprehensive Income	**354.12**	**517.38**	**(32%)**

A. FINANCIAL DISCLOSURES

Dividend
Your Directors have not recommended any Dividend for this financial year ended March 31, 2024.

Net Worth
The Company's Net-worth as on March 31, 2024 stood at ₹850.49 crore comprising of paid-up equity capital of ₹98.74 crore and Reserves of ₹751.75 crore (excluding Revaluation Reserve, Investment Reserve and Intangible Assets) on Standalone basis. Further, on a Consolidated basis, the Net-worth stood at ₹2,022.91 crore comprising of paid-up equity capital of ₹98.74 crore, Reserves of ₹1,924.16 crore while excluding the non-controlling interest of ₹888.18 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 of the Company 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 four (04) Directors consisting of two (02) Independent Directors, one (01) Nominee Director and one (01) Managing Director & CEO as on March 31, 2024.

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 Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued on October 19, 2023 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.

Management Discussion & Analysis

Management Discussion & Analysis (MDA) is formed part of Annual Report of the company for the year ended March 31, 2024.This part has been elucidated on the points of the task taken by the management in terms of the relevant Act and Regulations and this affair of the company along with its banking subsidiary.

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. Ashwani Kumar#	Managing Director & CEO	Dec 29, 2022	Dec 18, 2023
2.	Mr. Suman Saurabh^	Managing Director & CEO	Dec 19, 2023	-
3.	Mr. T.K. Ramesh Ramanathan*	Nominee Director	July 15, 2022	March 13, 2024

 # Directorship held till December 18, 2023

^ Appointed w.e.f. December 19, 2023

** Directorship held till March 13, 2024*

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 2023-24, 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 'Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued on October 19, 2023, 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 years (05) 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 2023-24, 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, 2024		March 31, 2023	
	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				
Add: Granted during the year	29,96,867	115.67	37,13,085	116.32
Add: Granted during the year with Grant effective date pertaining to FY 20-21	30,000	125.00	30,000	125.00
Add: Adjustment of previous year (negative impact)	-	-	2,32,936	103.66
Less: Lapsed/ forfeited during the year	10,91,634	115.38	8,74,063	111.97
Less: Exercised during the year	3,23,530	116.37	1,05,091	109.89
Less: Adjustment of previous year	3,02,476	113.09	-	-
Outstanding options at the end of the year	**13,09,227**	**119.40**	**29,96,867**	**115.67**
Options vested and exercisable at the end of the year	**9,91,210**	**117.60**	**18,94,256**	**115.04**

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 2023-24.

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

The Company had only six (06) employees during FY 2023-24, the details of which are as under:

#	Name	Designation	DOJ	Qualifications	Age	Exp.	Total Remuneration (₹)*	Last Employment
1.	Mr. Suman Saurabh	Managing Director & CEO	-	MBA PGDRM	43 Years	15 years +	20,95,829	USFBL
2.	Mr. Harshit Agrawal	Chief Financial Officer	02-Apr-18	CA	35 Years	11 years +	15,03,648	USFBL
3.	Mr. Neeraj Kumar Tiwari	Company Secretary	10-Nov-14	CS	34 Years	10 years +	7,98,237	-
4.	Mr. Raju Pandey	Assistant Manager, Accounts	04-Oct-18	M. Com	31 Years	10 years +	4,67,250	USFBL
5.	Mr. Vikas Kumar Singh	Assistant Manager, HR, IT & Admin	23-Sep-19	MCA	35 Years	13 years +	4,16,908	CMS IT Services Pvt. Ltd.
6.	Mr. Jai Kapoor	Senior Executive - Internal Audit	07-Feb-22	B. Com, CA Inter	36 Years	8 years +	3,11,494	ARSAN & Co., Chartered Accountants

Earned Gross Salary

Other Statutory Disclosures:

a. All related party transactions entered into FY 2023-24 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 2023-24, 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, 2023 and the end of the Financial Year of the Company i.e. March 31, 2024.

D. 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 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 2023-24. 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 ₹4.00 lakh, towards CSR contribution for FY2023-24.

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. Suman Saurabh, MD & CEO

Prevention of Sexual Harassment of Women at Workplace (POSH)

Pursuant to provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act, 2013), Utkarsh CoreInvest Limited ('UCL' or 'the Company') upholds working women's fundamental right to equality and dignity at the workplace and abides by three key obligations as advised under the POSH Act 2013:

1.Prohibition
2.Prevention, and
3.Redressal

Group Company Policy on POSH Act, 2013 is adopted and circulated amongst employees of the Company and is updated on the website of the company. In view of the small structure (establishment) of the Company, as advised thereby, the establishment having less than 10 workers, a Local Complaints Committee (LCC) structure which is required to be constituted by the District Officials is applicable to deal with in case of complaint(s) received.

WEB LINK FOR ANNUAL RETURN

The Company is having its website i.e. www.utkarshcoreinvest.com; and the Annual Return of the Company has been published on such website at the web-link:
https://www.utkarshcoreinvest.com/index.php/InvestorRelations/annuals_reports

E. 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, 2024, 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 2023-24 and of the profit or loss of the Company for the FY 2023-24;

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.

F. 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	**Suman Saurabh**
Chairperson	Managing Director & CEO
DIN- 00361030	DIN- 07132387
Date:	Date:
Place: Chennai	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, 2024 are given below:

Sl. No.	Name of the Committee	Composition of the Committee	No. of Meetings held During the FY 24	Date of Meetings
1	Audit Committee of the Board (ACB)	1. Mr. G. S. Sundararajan, Independent Director (Chairperson) 2. Mr. Atul, Independent Director 3. Mr. T. K. Ramesh Ramanathan, Nominee Director*	5	08 May,2023 28 July,2023 27 Sep,2023 29 Dec, 2023 13 Feb, 2023
2	Corporate Social Responsibility Committee (CSRC)	1. Mr. G. S. Sundararajan, Independent Director (Chairperson) 2. Mr. Aditya Deepak Parekh, Nominee Director 3. Mr. T. K. Ramesh Ramanathan* 4. Mr. Atul	1	08 May,2023
3	Nomination & Remuneration Committee (NRC)	1. Mr. Atul, Independent Director (Chairperson) 2. Mr. G. S. Sundararajan, Independent Director 3. Mr. T. K. Ramesh Ramanathan*	2	08 May,2023 27 Sep,2023
4	Share Allotment Committee (SAC)	1. Mr. Aditya Deepak Parekh, Nominee Director 2. Mr. T. K. Ramesh Ramanathan, Nominee Director* 3. Mr. Ashwani Kumar, MD & CEO# 4. Mr. Suman Saurabh, MD & CEO^	2	08 May,2023 28 July,2023
5	Group Risk Management Committee (GRMC)	1. Mr. G. S. Sundararajan, Independent Director (Chairperson) 2. Mr. Atul, Independent Director 3. Mr. T. K. Ramesh Ramanathan, Nominee Director* 4. Mr. Aditya Deepak Parekh, Nominee Director 5. Mr. Ashwani Kumar, MD & CEO# 6. Mr. Suman Saurabh, MD & CEO^	3	28 July,2023 29 Dec,2023 13 Feb,2024
6	Promoter Dilution Monitoring Committee (PDMC)	1. Mr. G. S. Sundararajan, Independent Director (Chairperson) 2. Mr. Aditya Deepak Parekh, Nominee Director 3. Mr. T. K. Ramesh Ramanathan, Nominee Director* 4. Mr. Ashwani Kumar, MD & CEO# 5. Mr. Suman Saurabh, MD & CEO^	2	28 July,2023 13 Feb,2024

** Directorship held till March 13, 2024*

 # Directorship held till December 18, 2023

^ Appointed w.e.f. December 19, 2023

BOARD MEETINGS

The Board of Directors of the Company met five (05) times during FY 2023-24. 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	No. of Meetings	Dates of Meeting
1.	Mr. G. S. Sundararajan	Chairperson, Independent Director	5	08 May,2023 28 July,2023 27 Sep,2023 29 Dec,2023 13 Feb,2024
2.	Mr. Atul	Independent Director		
3.	Mr. Aditya Deepak Parekh	Nominee Director		
4.	Mr. T. K. Ramesh Ramanathan*	Nominee Director		
5.	Mr. Ashwani Kumar#	Managing Director & CEO		
6.	Mr. Suman Saurabh^	Managing Director & CEO		

** Directorship held till March 13, 2024*

 # Directorship held till December 18, 2023

^ Appointed w.e.f. December 19, 2023

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 2023-24 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 FY2024			5	5	1	2	2	3	2	Public	Private
1.	Mr. G. S. Sundararajan	00361030	Chairperson, Independent Director	5	5	1	2	-	3	2		
2.	Mr. Atul	07711079	Independent Director	5	5	-	2	-	3	-		
3.	Mr. Aditya Deepak Parekh	02848538	Nominee Director	2	-	1		2	2	2		
4.	Mr. T. K. Ramesh Ramanathan*	07640504	Nominee Director	3	2	1	2	2	-	-		
5.	Mr. Ashwani Kumar*	07030311	Nominee Director	2	-	-	-	2	1	1		
6.	Mr. Suman Saurabh^	07132387	MD & CEO	1	-	-	-	-	2	1		

** Directorship held till March 13, 2024*

 # Directorship held till December 18, 2023

^ Appointed w.e.f. December 19, 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

SECRETARIAL AUDIT REPORT

S.N. ANANTHASUBRAMANIAN & CO.
COMPANY SECRETARIES
10/25-26, 2nd Floor, Brindaban, Thane (W) 400 601.
T: +91 22 25345648 | +91 22 25432704 E: snaco@snaco.net | W: www.snaco.net
ICSI Unique Code: P1991MH040400

FORM No. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024
[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: U65191 UP1990PLC045609
S-24/1-2, 4th Floor, Mahavir Nagar, Orderly Bazar,
New 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, 2024.** 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, 2024** 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, 2024** 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 - The Company has generally complied with the 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, 2024 no major event has occurred which had a bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards etc.

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.: 5218/2023

S. N. Viswanathan
Partner ACS: 61955 | COP No.: 24335
ICSI UDIN: A061955F000408477
21st May, 2024 | Thane

S.N. ANANTHASUBRAMANIAN & CO.
COMPANY SECRETARIES

Annexure-A

To,
The Members,
Utkarsh Coreinvest Limited,
CIN: U65191 UP1990PLC045609
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, 2024** 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.: 5218/2023

S. N. Viswanathan
Partner
ACS: 61955 | COP No.: 24335
ICSI UDIN: A061955F000408477
21st May, 2024 | Thane

S. N. ANANTHASUBRAMANIAN & CO. ★ COMPANY SECRETARIES ★
S.N. VISWANATHAN PARTNER ACS 61955 COP No. 24335

INDEPENDENT AUDITOR'S REPORT (STANDALONE)

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, 2024, 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 material 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, 2024 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 March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

iii) 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 note no. 41, 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;

iv.(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 note no. 41, 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

iv.(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. v. No dividend has been declared or paid during the year by the company.

3. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account for the financial year ended March 31,2024 which has a feature of recording audit trail (edit log) facility and the same has been operative from 1st April, 2023 for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

	For DMKH & CO,	**CA Manish Kankani**
Place: Mumbai	Chartered Accountants	Partner
Date: May 21, 2024	Firm Registration Number: 116886W	Membership Number: 158020
		UDIN: 24158020BKAKFT3732

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 Core Invest Limited of even date) We report that:

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.

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 borrowings, the said clause is not applicable to the 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 2023-24 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.

Place: Mumbai
Date: May 21, 2024

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

CA Manish Kankani
Partner
Membership Number: 158020
UDIN: 24158020BKAKFT3732

Annexure "B" To Independent Auditor's Report

(Referred to in paragraph 2(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, 2024 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, 2024, 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.

Place: Mumbai
Date: May 21, 2024

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

CA Manish Kankani
Partner
Membership Number: 158020
UDIN: 24158020BKAKFT3732

Audited Financial Statements

(Standalone)

Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Standalone Balance Sheet as at 31 March 2024
(All amounts are in Rupees millions unless otherwise stated)

	Note	As at 31 March 2024	As at 31 March 2023
Assets			
Financial assets			
Cash and cash equivalents	3	24.96	0.04
Bank balance other than Cash and cash equivalents	4	463.48	423.73
Other financial assets	5	3.12	1.39
Non-financial assets			
Investments in subsidiaries	6	7,898.78	7,897.39
Non-current tax assets (net)	-	124.16	121.78
Other non-financial assets	8	0.19	0.24
Total assets		**8,514.69**	**8,444.57**
Liabilities and equity			
Liabilities			
Financial liabilities			
Trade payables			
- Total outstanding due to micro and small enterprises	9	0.75	0.86
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2.02	1.88
Other financial liabilities	10	2.64	1.94
Non-financial liabilities			
Provisions	11	0.36	0.91
Other non-financial liabilities	12	4.01	0.81
Equity			
Equity share capital	13	987.44	984.21
Other equity	14	7,517.47	7,453.96
Total liabilities and equity		**8,514.69**	**8,444.57**

Summary of material accounting policies 2

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

As per our report of even date attached.

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

Manish Kankani
Partner
Membership No: 158020

Place: Mumbai
Date: 21 May 2024

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

Suman Saurabh
Managing Director and CEO
DIN: 07132387

G.S. Sundararajan*
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi & Chennai*
Date: 21 May 2024

Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Standalone Statement of Profit and Loss for the half year ended 31 March 2024
(All amounts are in Rupees millions unless otherwise stated)

	Note	As at 31 March 2024	As at 31 March 2023
Other income	15	45.20	42.12
Total income		**45.20**	**42.12**
Expenses			
Employee benefits expenses	16	14.36	14.60
Depreciation	17	-	0.19
Others expenses	18	10.54	8.36
Total expenses		**24.90**	**23.15**
Profit/(Loss) before tax		20.30	18.97
Tax Expense:			
Current tax	7	5.85	5.69
Tax for earlier years	7	-	-
Profit/(Loss) for the year		**14.45**	**13.28**
Other comprehensive income			
Items that will not be reclassified to profit or loss :			
-Actuarial gain/(loss) on defined benefit obligation*		(0.32)	0.01
- Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss		-	-
Total		**(0.32)**	**0.01**
Total Comprehensive Income for the year		**14.13**	**13.29**
*Absolute amount for 31 March 2024: INR 3,24,390 (31 March 2023: INR 13,101)			
Earnings per equity share			
Basic earnings per share of INR 10 each	29	0.15	0.14
Diluted earnings per share of INR 10 each	29	0.15	0.13
Summary of material accounting policies	2		

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

As per our report of even date attached.

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

Manish Kankani
Partner
Membership No: 158020

Place: Mumbai
Date: 21 May 2024

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

Suman Saurabh
Managing Director and CEO
DIN: 07132387

G.S. Sundararajan*
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi & Chennai*
Date: 21 May 2024

Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Cash flow statement for the year ending 31 March 2024
(All amounts are in Rupees millions unless otherwise stated)

	Note	As at 31 March 2024	As at 31 March 2023
A. CASH FLOW FROM OPERATING ACTIVITES			
Net Profit/(loss) before Tax		**20.30**	**18.97**
Adjustments for:			
Depreciation and amortisation		-	0.19
Interest income		(34.42)	(29.21)
Operating (Loss)/profit before Working Capital Changes		**(14.12)**	**(10.05)**
Adjustments for:			
(Increase) / decrease in bank balance other than cash and cash equivalent		(38.85)	(47.18)
Decrease in other financial assets		(9.69)	1.93
Decrease in other non financial asset		0.05	0.03
Increase/(Decrease) in trade payables		0.03	(1.43)
Increase/(Decrease) in other financial liability		0.70	(0.02)
(Decrease)/Increase in other non financial liability		3.20	0.20
Increase/(Decrease) in provision		(0.87)	0.17
Cash Flow before taxation		**(45.44)**	**(46.31)**
Income Tax (paid)/ refund - Net		(8.23)	(7.34)
Net cash flow from operating activities		**(67.79)**	**(63.70)**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Interest income		33.51	50.84
Net cash used in Investing Activities		**33.51**	**50.84**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Issue of Equity Shares including Securities premium		59.19	10.29
Net cash flow from Financing Activities		**59.20**	**10.29**
Net (Decrease)/Increase in Cash and Cash Equivalent Flow (A+B+C)		24.92	(2.57)
Opening Cash and Cash Equivalent	3	0.04	2.61
Closing Cash and Cash Equivalent	3	24.96	0.04

Summary of material accounting policies 2

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

As per our report of even date attached.

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

Manish Kankani
Partner
Membership No: 158020

Place: Mumbai
Date: 21 May 2024

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

Suman Saurabh
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DIN: 00361030

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Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi & Chennai*
Date: 21 May 2024

Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
"Standalone statement of changes in equity Balance as at 31 March 2024"
(Amount in millions unless otherwise stated)

A Equity Share Capital

	Balance as at 1 April 2022	Changes during the year	Balance as at 31 March 2023	Changes during the year	Balance as at 31 March 2024
Paid up share capital	**983.30**	0.91	984.21	3.23	987.44
	983.30	**0.91**	**984.21**	**3.23**	**987.44**

B

Other Equity	Reserves and Surplus									Other comprehensive income		Total
	Share application money pending allotment	Equity component of financial instruments	Statutory reserve	Other Equity - Fair valuation changes	Capital redemption reserve	Securities premium	ESOP reserve	Treasury shares	Retained Earnings	Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss	Actuarial gain / loss on post employment defined benefit plan	Total
Balance as at 1 April 2022	-	**(109.01)**	**212.35**	**4,121.67**	**90.00**	**6,466.13**	**156.05**	**(2.46)**	**(3,344.42)**	**(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**
Total Comprehensive Income for the half year	-	-	-	-	-	-	-	-	14.45	-	(0.32)	14.13
Share options exercised	-	-	-	-	-	17.75	(17.75)	-	-	-	-	-
Transfer to / from retained earnings	-	-	2.87	-	-	-	(35.73)	-	32.86	-	-	(0.00)
Equity settled share based plan	-	-	-	-	-	-	(6.57)	-	-	-	-	(6.57)
Share Issued	-	-	-	-	-	34.41	-		-	-	-	34.41
Share application money received	21.54	-	-	-	-	-	-	-	-	-	-	21.54
Balance as at 31 March 2024	**21.54**	**(109.01)**	**218.15**	**4,121.67**	**90.00**	**6,531.69**	**82.71**	**(2.45)**	**(3,275.76)**	**(160.62)**	**(0.45)**	**7,517.47**

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: 21 May 2024

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

Suman Saurabh
Managing Director and CEO
DIN: 07132387

G.S. Sundararajan*
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi & Chennai*
Date: 21 May 2024

Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to standalone financial statements as at 31 March 2024
(Amount in millions unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
3 Cash and Bank Balances		
Cash and cash equivalents		
Balances with Banks		
- On current accounts	24.96	0.04
Total	**24.96**	**0.04**
4 Bank balance other than Cash and cash equivalents		
In Bank deposits	463.48	423.73
Total	**463.48**	**423.73**
5 Other financial assets		
Receivable from Utkarsh Small Finance Bank Limited	2.18	1.38
Other recoverable	0.01	0.01
Plan asset receivable for leave encashment provision	0.93	-
Total	**3.12**	**1.39**
6 Investments in subsidiaries		
Investment in -		
- 759,272,222 (31 March 2023: 759,272,222) Equity shares of Utkarsh Small Finance Bank Limited	7,898.78	7,897.39
Total	**7,898.78**	**7,897.39**

Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to standalone financial statements as at 31 March 2024
(Amount in millions unless otherwise stated)

7 Income tax

A. Amounts recognised in profit or loss

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Current tax expense	5.85	5.69
Tax for earlier years	-	-
Tax expense	**5.85**	**5.69**

B. Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2024		For the year ended 31 March 2023	
	%	Amount	%	Amount
Profit before tax		20.30		18.97
Tax using the Company's domestic tax rate	25.17%	5.11	25.17%	4.77
Effect of:				
Permanent differences	0.53%	0.10	0.54%	0.10
Tax for earlier years	0.00%	-	0.00%	-
Tax exempt income	0.00%	-	0.00%	-
Change in unrecognised temporary differences	3.93%	0.75	2.86%	0.54
Others	-0.56%	(0.11)	1.42%	0.27
Effective tax rate/tax expense	29.07%	5.85	29.99%	5.69

C. Uncertain tax positions

Claims against the company not acknowledged as debts in respect of Income Tax is INR 124.69 (31 March 2023: 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.

	As at 31 March 2024	As at 31 March 2023
Deductible temporary differences	1.51	1.72
Deferred tax on account of indexation on equity shares of investment in subsidiary	620.08	501.81
Total	**621.59**	**503.53**

Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to standalone financial statements as at 31 March 2024
(Amount in millions unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
8 Other non-financial assets		
Staff advances*	-	0.06
Pre-paid expenses	0.19	0.18
Total	**0.19**	**0.24**

*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.

	As at 31 March 2024	As at 31 March 2023
9 Trade payables		
Total outstanding due to micro and small enterprises (Refer Note 21)	0.75	0.86
Total outstanding dues of creditors other than micro enterprises & small enterprises	2.02	1.88
Total	**2.77**	**2.74**

Trade payables ageing schedule:

As on 31 March 2024

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	0.75	-		-	-	-	0.75
(ii) Others	1.55	-	0.47	-	-	-	2.02
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
Total	**2.30**	-	**0.47**	-	-	-	**2.77**

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 at 31 March 2024	As at 31 March 2023
10 Other financial liabilities		
Employee benefits payable	2.64	1.94
	2.64	**1.94**
11 Provisions		
Provision for employee benefits		
Provision for gratuity	0.01	0.15
Provision for other employee benefits	0.35	0.76
Total	**0.36**	**0.91**
12 Other non-financial liabilities		
Statutory dues payable		
TDS payable	3.61	0.53
GST payable	0.34	0.20
PF payable	0.06	0.08
	4.01	**0.81**

Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to standalone financial statements as at 31 March 2024
(Amount in millions unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
13 Share capital		
Authorised		
Equity shares		
10,00,00,000 (31 March 2023: 10,00,00,000) Equity shares of INR 10 each	1,000.00	1,000.00
Issued, subscribed and paid-up		
Equity shares		
9,87,44,490 (Previous year 9,84,20,960) equity shares of Rs. 10 each, fully paid up	987.44	984.21
	987.44	**984.21**

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

	31 March 2024		31 March 2023	
	Number of shares (in units)	Amount	Number of shares (in units)	Amount
Outstanding as at the beginning of the year	9,84,20,960	984.21	9,83,29,666	983.30
Issued during the year	3,23,530	3.24	91,294	0.91
Outstanding at the end of the year	**9,87,44,490**	**987.44**	**9,84,20,960**	**984.21**

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

(i) 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	31 March 2024		31 March 2023	
Name of the shareholder	Number of shares (in units)	% of Holding	Number of shares (in units)	% of Holding
NMI Frontier Fund KS, Norway	77,02,602	7.80%	77,02,602	7.83%
British International Investment PLC (Formerly known as CDC Group PLC)	1,37,26,978	13.90%	1,37,26,978	13.95%
Faering Capital India Evolving FUND II	76,60,082	7.76%	76,60,082	7.78%
RBL Bank Limited	97,02,950	9.83%	97,02,950	9.86%
	3,87,92,612	**39.29%**	**3,87,92,612**	**39.41%**

(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 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.

Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to standalone financial statements as at 31 March 2024
(Amount in millions unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
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	6,479.52	6,466.13
Add: Transfer from stock option outstanding	17.75	13.39
Add: On issue of shares during the year	34.41	-
Balance as at the end of the year	**6,531.69**	**6,479.52**
Employees stock options outstanding		
Balance as at the beginning of the year	142.77	156.05
Add: Compensation for options granted	(6.57)	1.74
Less: Transfer to Retained Earnings	(35.73)	(11.00)
Exercise of stock options	(17.75)	(4.02)
Balance as at the end of the year	**82.71**	**142.77**
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	(0.13)	(0.14)
Other comprehensive income	(0.32)	0.01
Balance as at the end of the year	**(0.45)**	**(0.13)**
Statutory reserve		
Balance as at the beginning of the year	215.28	212.35
Add: Transferred from surplus	2.87	2.93
Balance as at the end of the year	**218.15**	**215.28**
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	(3,323.06)	(3,344.41)
Add: Profit/(loss) for the year	14.45	13.28
Add: Amount transferred to statutory reserve (created under Section 45-1C of RBI Act, 1934)	(2.87)	(2.93)
Add: ESOP Reserve Adjustment	35.73	11.00
Balance as at the end of the year	**(3,275.76)**	**(3,323.06)**
Share Application money pending allotment		
Balance as at the beginning of the year	-	-
Shares issued during the year		-
Share application money received during the year	21.54	-
	21.54	**-**
Treasury shares		
Balance as at the beginning of the year	(2.45)	(2.46)
Treasury shares exercised during the year	-	0.01
Balance as at the end of the year	**(2.45)**	**(2.45)**
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	**7,517.47**	**7,453.99**

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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 ofsaid 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.

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		As at 31 March 2024	As at 31 March 2023
15	**Other income**		
	Interest on financial assets at amortised cost	34.42	29.21
	Recovery from written off portfolio	10.68	11.48
	Miscellaneous income	0.09	1.43
	Total	**45.20**	**42.12**
16	**Employee benefit expenses**		
	Salaries and bonus	14.08	11.51
	Contribution to provident and other funds	(0.09)	0.85
	Share based payment to employees	0.18	2.03
	Staff welfare expenses	0.19	0.21
	Total	**14.36**	**14.60**
17	**Depreciation**		
	Depreciation of property, plant and equipment	-	0.19
	Total	-	**0.19**
18	**Other expenses**		
	Repairs and maintenance	0.02	0.01
	Contribution towards Corporate Social Responsibilities	0.40	0.40
	Legal and professional charges	5.18	3.23
	Director sitting fees	3.13	2.80
	Communication expenses	0.06	0.07
	Miscellaneous expenses #	0.84	0.82
	Lease rent *	0.93	1.03
	Total	**10.54**	**8.36**

* Represents lease rentals for short term leases in the current year
# -Includes INR 1,33,162 /- for period ended 31 March 2024 for director travel

		As at 31 March 2024	As at 31 March 2023
19	**Details of corporate social responsibility expenditure**		
	Average net profit of the Company for last three financial years	15.14	15.57
	Gross amount required to be spent by the company during the year	Nil	Nil
	Corporate Social Responsibility expenses for the period	0.40	0.40
	Various Head of expenses included in above:		
	Other expenses (Contribution towards Corporate Social Responsibilities)	0.40	0.40
	Amount spent during the year on:		
	(i) Construction/acquisition of any asset		
	(ii) On purposes other than (i) above	0.40	0.40
	Details of related party transactions	0.40	0.40
	Provision for CSR Expenses		
	Opening Balance	-	-
	Add: Provision created during the period	0.40	0.40
	Less: Provision utilised during the period	0.40	0.40
	Closing Balance	-	-
	The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	Nil	Nil
	The total of previous years' shortfall amounts	Nil	Nil
	The reason for above shortfalls by way of a note	-	-
	The nature of CSR activities undertaken by the Company	Contribution made towards CSR activities	Contribution made towards CSR activities

As per Section 135 of the Companies Act 2013, the Company has formed a CSR Committee of the Board of Directors. The CSR Committee has also approved a CSR Policy where certain focus areas out of list of activities covered in Schedule VII of the Companies Act 2013, has been identified.

		As at 31 March 2024	As at 31 March 2023
20	**Auditors remuneration (Included in legal and professional charges, excluding taxes)**		
	Payments to auditor (excluding tax)		
	- Statutory auditor	0.90	0.60
	- Other services	-	-
	- Reimbursement of expenses	-	-
	Total	**0.90**	**0.60**

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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 2024 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 2024	As at 31 March 2023
Principal amount remaining unpaid to any supplier as at the end of the year.	0.75	0.86
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 2023: INR 124.69).

B. Commitments

There are no commitments as at 31 March 2024 and 31 March 2023.

C. Contingent assets

There are no contingent assets as at 31 March 2024 and 31 March 2023.

23 Details of pending litigations

	As at 31 March 2024	As at 31 March 2023
Proceedings by Company against theft	2.51	2.51

An amount of INR 0.14 (31 March 2023: 0.14) has been recovered in earlier years and INR 2.37 (31 March 2023 : 2.37) is yet to be recovered. The total unrecovered amount is written off in the previous years.

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21 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 2024			As at 31 March 2023		
(I) Assets	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
A Financial assets						
Cash and cash equivalents	24.96	-	24.96	0.04	-	0.04
Bank balance other than above	-	-	-	-	-	-
Other financial assets	3.12	463.48	466.60	1.39	423.73	425.12
Total financial assets	**28.08**	**463.48**	**491.56**	**1.43**	**423.73**	**425.16**
B Non-financial assets						
Investment in subsidiary	-	7,898.78	7,898.78	-	7,897.39	7,897.39
Non - current tax assets (net)	-	124.16	124.16	-	121.78	121.78
Property, plant and equipment	-	-	-	-	-	-
Other non-financial assets	0.19	-	0.19	0.24	-	0.24
Total non-financial assets	**0.19**	**8,022.94**	**8,023.13**	**0.24**	**8,019.17**	**8,019.41**
Total Assets	**28.27**	**8,486.42**	**8,514.69**	**1.67**	**8,442.90**	**8,444.57**
(II) Liabilities						
A Financial liabilities						
Other financial liabilities	2.64	-	2.64	1.94	-	1.94
B Non-financial liabilities						
Provisions	0.36	-	0.36	0.91	-	0.91
Other non-financial liabilities	4.01	-	4.01	0.81	-	0.81
Total financial liabilities	**7.01**	-	**7.01**	**3.66**	-	**3.66**
Total Liabilities	**7.01**	-	**7.01**	**3.66**	-	**3.66**
Net	**21.26**	**8,486.42**	**8,507.68**	**(1.99)**	**8,442.90**	**8,440.91**

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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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 2024. 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 2024	31 March 2023
Net defined benefit liability	0.01	0.16

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 2025 is INR 0.13

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 2024			As at 31 March 2023		
	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	1.42	1.26	0.16	1.19	1.02	0.17
Included in profit or loss						
Current service cost	0.13	-	0.13	0.17	-	0.17
Past Service cost	-	-	-	-	-	-
Interest cost (income)	0.10	0.09	0.01	0.07	0.06	0.01
Total (A)	**0.23**	**0.09**	**0.14**	**0.24**	**0.06**	**0.18**
Included in Other comprehensive income						
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
- demographic assumptions	-	-	-	-	-	-
- financial assumptions	(0.00)	-	(0.00)	(0.17)	-	(0.17)
- experience adjustment	0.33	-	0.33	0.16	-	0.16
– Return on plan assets excluding interest income	-	-	-	-	-	-
Total (B)	**0.32**	-	**0.32**	**(0.01)**	-	**(0.01)**
Other						
Contributions paid by the employer	-	0.61	(0.61)	-	0.18	(0.18)
Total (C)	-	**0.61**	**(0.61)**	-	**0.18**	**(0.18)**
Balance at the end of the year	1.97	1.96	0.01	1.42	1.26	0.16

C) Plan assets

	31 March 2024	31 March 2023
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).

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D) Actuarial assumptions

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

	31 March 2024	31 March 2023
Discount rate	7.10%	7.25%
Future salary growth	7.00% for the first 2 years, and 9.00% thereafter	7.00% for the first 2 years, and 9.00% 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 2024		31 March 2023	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(0.05)	0.05	(0.09)	0.10
Salary growth rate (1% movement)	0.05	(0.05)	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 2024	31 March 2023
0 to 1 Year	0.10	0.21
1 to 5 Year	0.32	0.69
5 Year onwards	0.90	1.66
Total	**1.32**	**2.56**

As at 31 March 2024, the weighted-average duration of the defined benefit obligation was 7 years (31 March 2023: 6 years)

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.

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 2024	Year ended 31 March 2023
Provident fund	0.52	0.46

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 2024	Year ended 31 March 2023
Amount recognised in Statement of Profit and Loss		
Provision for leave encashment and gratuity	(0.29)	0.37

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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 2023, 30,000) options to the employees of the Company during the year.

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

	As at 31 March 2024		As at 31 March 2023	
	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	29,96,867	115.67	37,13,085	116.32
Add: Granted during the year	30,000	125.00	30,000	125.00
Add: Adjustment of previous year (negative impact)	-	-	2,32,936	103.66
Less: Lapsed/forfeited during the year	10,91,634	115.38	8,74,063	111.97
Less: Exercised during the year	3,23,530	116.37	1,05,091	109.89
Less: Adjustment of previous year	3,02,476	113.09	-	-
Outstanding options at the end of the year	**13,09,227**	**119.40**	**29,96,867**	**115.67**
Options vested and exercisable at the end of the year	9,91,210	117.60	18,94,256	115.04

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2024 was 116.37 (31 March 2023 INR 109.89).

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 2024	No of options outstanding As at 31 March 2023
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 April 2018	1 April 2020 - 1 April 2023	109.36	-	5,04,988
1 April 2019	1 April 2021 - 1 April 2024	109.36	-	5,250
1 June 2019	1 June 2021 - 1 June 2024	109.36	4,69,000	9,33,967
9 Dec 2019	9 Dec 2021 - 9 Dec 2024	125.00	35,000	45,000
1 Oct 2020	1 Oct 2022 - 1 Oct 2025	125.00	7,67,727	13,42,918
1 April 2021	1 April 2023 - 1 April 2026	125.00	7,031	30,000
1 April 2022	1 April 2024 - 1 April 2027	125.00	12,188	30,000
1 April 2023	1 April 2025 - 1 April 2028	125.00	18,281	-
Weighted average remaining contractual life of options outstanding at the end of the year			2.05 years	2.55 years

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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 - 99.40.
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	6.20%	60.00 - 88.30
1 April 2023	1 April 2025 - 1 April 2028	49.90%	125.00	166.70	7.10%	68.20 - 99.40

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.

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 (ceased to be MD & CEO w.e.f. 19 December 2023)
ii Mr. Suman Saurabh	– Managing Director & CEO (w.e.f. 19 December 2023)
iii Mr. G.S. Sundararajan	– Independent Director
iv Mr. Gaurav Malhotra	– Nominee Director (ceased to be director w.e.f. 25 August 2022)
v Mr. Atul	– Independent Director
vi Mr. T. K. Ramesh Ramanathan	– Nominee Director (ceased to be director w.e.f. 13 March 2024)
vii Mr. Harjeet Toor	– Nominee Director (ceased to be director w.e.f. 23 June 2022)
viii Mr. Aditya Deepak Parekh	– Nominee Director
b. **Subsidiaries**	Utkarsh Small Finance Bank Limited

c. **Company in which Director / KMP / their Relatives are Member and have the Controlling Rights / Shareholding in that Company exceeding 50%**

Utkarsh Welfare Foundation (Ceased to be related party w.e.f. Dec 19, 2023)
Faering Capital Private Limited (Mr. Aditya Deepak Parekh has the controlling right in the capacity of MD)
Faering Capital LLP (Mr. Aditya Deepak Parekh has the controlling right in the capacity of designated Partner)
AMP Fitness LLP (Mr. Aditya Deepak Parekh has the controlling right in the capacity of designated Partner)

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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 2024	Year Ended 31 March 2023
Utkarsh Welfare Foundation	(i) Contribution towards CSR activities	0.40	0.40
Utkarsh Small Finance Bank Limited	(i) ESOP cost cross charge	(8.14)	(4.57)
	(ii) Fixed deposits placed during the year	178.75	453.10
	(iii) Fixed deposits matured during the year	139.90	407.00
	(iv) Interest received	34.42	29.21
	(v) Service charge on collection	0.13	0.14
	(vi) Rent Paid	0.93	1.03
	(vii) Deemed Investment in USFB (Basis IND AS Fair valuation)	1.39	4.27

C. Compensation of key managerial personnel

	Year Ended 31 March 2024	Year Ended 31 March 2023
Short-term employee benefits		
Ashwani Kumar	5.26	5.92
Suman Saurabh	2.10	-
GS Sundararajan	1.06	1.06
Post-employment defined benefit plan		
Ashwani Kumar	1.11	0.84
Suman Saurabh	0.11	-
Other long term benefits		
Ashwani Kumar	0.34	0.97
Suman Saurabh	-	-
Share-based payments		
Ashwani Kumar*	(0.32)	0.53
Sitting fees		
GS Sundararajan	1.10	0.90
Atul	0.96	0.83
	11.73	**11.05**

* Reversal of ESOP Cost by ₹0.70 million due to cancellation of 39,875 ESOPs (proportionate 39,875 and Total 57,625) granted to Mr. Ashwani Kumar during FY24.

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 2024	Year Ended 31 March 2023
Utkarsh Small Finance Bank Ltd. - Investment in FDR	458.75	419.90
Utkarsh Small Finance Bank Ltd. - Current Account	21.72	0.01
Utkarsh Small Finance Bank Ltd. - Other receivables	2.18	1.38

29. Earnings per share

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
a) Basic earning per share		
Profit/(loss) after tax	14.45	13.28
Weighted average number of equity shares outstanding during the year – Basic	9,82,75,137	9,81,11,039
b) Diluted		
Profit/(loss) after tax	14.45	13.28
Weighted average number of equity shares outstanding during the year – Basic	9,82,75,137	9,81,11,039
Add: Weighted average number of potential equity shares on account of employee stock options	11,11,091	9,94,742
Weighted average number of equity shares outstanding during the year – Diluted	9,93,86,227	9,91,05,781
Earnings per share		
Basic – par value of INR 10 each	0.15	0.14
Diluted - par value of INR 10 each	0.15	0.13

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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 2024			As at 31 March 2023		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets:						
Cash and cash equivalents	-	-	24.96	-	-	0.04
Bank balance other than above	-	-	463.48	-	-	423.73
Other financial assets	-	-	3.12	-	-	1.39
	-	-	**491.56**	-	-	**425.16**
Financial liabilities:						
Other financial liabilities	-	-	2.64	-	-	1.94
	-	-	**2.64**	-	-	**1.94**

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 2024	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	24.96	-	-	-	-
Bank balance other than above	463.48	-	-	-	-
Other financial assets	3.12	-	-	-	-
	491.56	-	-	-	-
Financial liabilities:					
Other financial liabilities	2.64	-	-	-	-
	2.64	-	-	-	-

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	423.73	-	-	-	-
Other financial assets	1.39	-	-	-	-
	425.16	-	-	-	-
Financial liabilities:					
Other financial liabilities	1.94	-	-	-	-
	1.94	-	-	-	-

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.

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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.

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 and other financial assets

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 and other financial assets 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 & undiscounted.

As at 31 March 2024	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	2.64	(2.64)	(2.64)	-	-	-	-

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)	-	-	-	-

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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 2024	31 March 2023
Fixed rate instruments		
Financial assets	463.48	423.73
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.

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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 and retained earnings.
- The Company does not have any elements in Tier 2 capital.

	As at 31 March 2024	As at 31 March 2023
Common equity Tier 1 (CET1) capital		
Paid up share capital	987.44	984.21
Capital redemption reserve	90.00	90.00
Securities premium account	6,531.69	6,479.52
(Deficit) in the statement of profit and loss account	(3,275.76)	(3,323.07)
Statutory reserve	218.15	215.28
ESOP outstanding account	80.26	140.32
Prepaid expenditure	(0.19)	(0.18)
	4,631.59	**4,586.09**
Tier 2 capital instruments		
Less: Investment in excess of 10% of Own fund	-	-
	4,631.59	**4,586.09**
Total regulatory capital	4,631.59	4,586.09
Risk weighted assets	7,901.90	7,898.78
CRAR (%) - Refer note 34 (a)	58.61%	58.06%
CRAR -Tier I Capital (%)	58.61%	58.06%
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-24	31-Mar-23	% of variance	Explanation for change in the ratio by more than 25%
166.14	6.11	2720.88%	8064.60%	-66.26%	Due to higher decrease in HQLA of 18% against increase in outflow by around 143% on year on year.

34 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.

Rent expense recognised in the statement of profit and loss on account of short term exemption is INR 0.93 (31 March 2023 : INR 1.03)

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

a) Components of ANW and other related information:

Particulars	As at 31 March 2024	As at 31 March 2023
i) ANW as a % of Risk Weighted Assets	58.61%	58.06%
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 2024 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 2024 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 2024 will be 109.39% (31 March 23: 108.86%).

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

Particulars	As at 31 March 2024	As at 31 March 2023
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 2024)	1 day to 7 days	8 days to 14 days	15 days to30/31 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 2023)	1 day to 7 days	8 days to 14 days	15 days to30/31 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 2024	31 March 2023
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	-	-

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e) Business Ratio:

Particulars	31 March 2024	31 March 2023
Return on Equity	0.17%	0.16%
Return on Assets	0.17%	0.16%
Net Profit per Employee	1.77	1.66

f) Provision and contingency

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Provisions for depreciation on Investment	-	-
Provision towards NPA	-	-
Provision made towards Income tax	5.85	5.69
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 2024 (previous year: Nil).

h) Concentration of Advances, Exposures and NPAs

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
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	
	For the year ended 31 March 2024	For the year ended 31 March 2023
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 2024	For the year ended 31 March 2023
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	-	-

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k) Disclosure with respect to customer complaints

Particulars	Number of complaints	
	For the year ended 31 March 2024	For the year ended 31 March 2023
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 2024 & 31 March 2023.

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 2024 and 31 March 2023.

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 2024 and 31 March 2023.

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 2024 and 31 March 2023.

q) Disclosure of frauds reported during the year ended 31 March 2024 vide DNBS. PD. CC No. 256/03.10.042/2011-12 dated 2 March 2012

Particulars	During the year ended 31 March 2024						During the year ended 31 March 2023					
	Less than INR 1 Lakh		INR 1 Lakh to INR 5 Lakh		More than INR 5 Lakh		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)	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 2024 and 31 March 2023. 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, 2024 and March 31, 2023.

u) The Company has no Off Balance Sheet exposure as at March 31, 2024 and March 31, 2023.

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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 2024	As at 31 March 2023
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.		
Total Exposure to Real Estate Sector	Nil	Nil

2 The Company does not have any exposure to capital market as at March 31, 2024 and March 31, 2023.

3 **Sectoral exposure**

	As at 31 March 2024			As at 31 March 2023		
	Total Exposure (includes on balance sheet & off-balance sheet exposure) (₹ crore)	Gross NPAs (₹ crore)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet & 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)	-	-	-	-	-	-
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 2024	As at 31 March 2023
i. Total amount of intra-group exposures	8,381.43	8,318.69
ii. Total amount of top 20 intra-group exposures	8,381.43	8,318.69
iii. Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	100%	100%

Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to standalone financial statements as at 31 March 2024
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5 The Company does not have any unhedged foreign currency exposure as at March 31, 2024 and March 31, 2023.

B) Related Party Disclosures

Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Directors	
Items	**As at 31 March 2024**	**As at 31 March 2023**	**As at 31 March 2024**	**As at 31 March 2023**	**As at 31 March 2024**	**As at 31 March 2023**	**As at 31 March 2024**	**As at 31 March 2023**
Borrowings	-	-	-	-	-	-	-	-
Deposits	-	-	458.75	419.90	-	-	10.30	12.92
Placement of deposits	-	-	458.75	419.90	-	-	15.74	12.76
Advances	-	-	-	-	-	-	-	-
Investments	-	-	7,898.78	7,897.39	-	-	-	-
Purchase of fixed/other assets	-	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-
Interest received	-	-	34.42	29.21	-	-	0.25	0.08
Others	-	-	-	-	-	-	-	-

Related Party	Key Management Personnel		Relatives of Key Management Personnel		Total	
Items	**As at 31 March 2024**	**As at 31 March 2023**	**As at 31 March 2024**	**As at 31 March 2023**	**As at 31 March 2024**	**As at 31 March 2023**
Borrowings	-	-	-	-	-	-
Deposits	0.56	0.78	1.41	0.38	471.03	433.98
Placement of deposits	1.20	0.79	1.48	1.03	477.17	434.48
Advances	-	-	-	-	-	-
Investments	-	-	-	-	7,898.78	7,897.39
Purchase of fixed/other assets	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-
Interest received	0.04	0.02	0.03	0.03	34.74	29.34
Others	-	-	-	-	-	-

C) Disclosure of complaints

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

Particulars	FY 2023-24	FY 2022-23
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	-	-
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 2023-24 and FY 2022-23, 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 2023-24 and FY 2022-23.

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 2023-24 and FY 2022-23.

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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.

41 (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
(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 The Company has not been declared willful 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, 2024 and March 31, 2023.

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, 2024 and March 31, 2023. 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, 2024 and March 31, 2023.

51 There are no Security deposits, lease liabilities and long–term borrowings of the Company as at March 31, 2024 and March 31, 2023.

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.

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Notes to standalone financial statements as at 31 March 2024
(Amount in millions unless otherwise stated)

Additional Disclosures as required by Reserve Bank of India (RBI) basis Master Direction- Reserve Bank of India (Non-Banking Financial Company- Scale Based Regulation) Directions, 2023 vide RBI / DoR / 2023-24 / 106 DoR.FIN.REC.No.45/03.10.119/2023-24 updated as on March 21, 2024

		Particulars		
	Liabilities side		**Amount outstanding**	**Amount overdue**
(1)	**Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:**			
	(a)	Debentures: Secured	Nil	Nil
		: Unsecured	Nil	Nil
		(other than falling within the meaning of public deposits*)	Nil	Nil
	(b)	Deferred Credits	Nil	Nil
	(c)	Term Loans	Nil	Nil
	(d)	Inter-corporate loans and borrowing	Nil	Nil
	(e)	Commercial Paper	Nil	Nil
	(f)	Public Deposits*	Nil	Nil
	(g)	Other Loans (specify nature)	Nil	Nil
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**			
	(a)	In the form of Unsecured debentures	Nil	Nil
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
	(c)	Other public deposits	Nil	Nil
		Assets side	**Amount outstanding**	
(3)	**Break-up of Loans & Advances including bills receivables [other than those included in (4) below]:**			
	(a)	Secured	Nil	
	(b)	Unsecured	Nil	
(4)	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**			
	(i)	Lease assets including lease rentals under sundry debtors:		
		(a) Financial lease	Nil	
		(b) Operating lease	Nil	
	(ii)	Stock on hire including hire charges under sundry debtors:		
		(a) Assets on hire	Nil	
		(b) Repossessed Assets	Nil	
	(iii)	Other loans counting towards asset financing activities		
		(a) Loans where assets have been repossessed	Nil	
		(b) Loans other than (a) above	Nil	
(5)	**Break-up of Investments**			
	Current Investments			
	1.	<u>Quoted</u>		
		(i) Shares	-	
		(a) Equity	Nil	
		(b) Preference	Nil	
		(ii) Debentures and Bonds	Nil	
		(iii) Units of mutual funds	Nil	
		(iv) Government Securities	Nil	
		(v) Others (please specify)	Nil	
	2.	<u>Unquoted</u>		
		(i) Shares	-	
		(a) Equity	Nil	
		(b) Preference	Nil	
		(ii) Debentures and Bonds	Nil	
		(iii) Units of mutual funds	Nil	
		(iv) Government Securities	Nil	
		(v) Others (please specify)	Nil	
	Long Term investments			
	1.	<u>Quoted</u>		
		(i) Shares	-	
		(a) Equity	7898.78	
		(b) Preference	Nil	
		(ii) Debentures and Bonds	Nil	
		(iii) Units of mutual funds	Nil	
		(iv) Government Securities	Nil	
		(v) Others (please specify)	Nil	
	2.	<u>Unquoted</u>		
		(i) Shares	-	
		(a) Equity	Nil	
		(b) Preference	Nil	
		(ii) Debentures and Bonds	Nil	
		(iii) Units of mutual funds	Nil	
		(iv) Government Securities	Nil	
		(v) Others (please specify)	Nil	

Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to standalone financial statements as at 31 March 2024
(Amount in millions unless otherwise stated)

(6)	**Borrower group-wise classification of assets financed as in (3) and (4) above: Please see Note 2 below**				
		Category	**Amount net of provisions**		
			Secured	**Unsecured**	**Total**
	1.	**Related Parties ****			
		(a) Subsidiaries	Nil	Nil	Nil
		(b) Companies in the same group	Nil	Nil	Nil
		(c) Other related parties	Nil	Nil	Nil
	2.	Other than related parties	Nil	Nil	Nil
		Total			

(7)	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**			
		Category	**Market Value/ Break up or fair value or NAV**	**Book Value (Net of Provisions)**
	1.	**Related Parties ****		
		(a) Subsidiaries	Nil	7898.78
		(b) Companies in the same group	Nil	Nil
		(c) Other related parties	Nil	Nil
	2.	Other than related parties	Nil	Nil
		Total	Nil	**7898.78**

(8)	**Other information**		
		Particulars	**Amount**
	(i)	Gross Non-Performing Assets	
		(a) Related parties	Nil
		(b) Other than related parties	Nil
	(ii)	Net Non-Performing Assets	
		(a) Related parties	Nil
		(b) Other than related parties	Nil
	(iii)	Assets acquired in satisfaction of debt	Nil

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: 21 May 2024

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

Suman Saurabh
Managing Director and CEO
DIN: 07132387

G.S. Sundararajan*
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi & Chennai*
Date: 21 May 2024

Utkarsh CoreInvest Limited (formerly known as Utkarsh Micro Finance Limited)
Notes to the standalone financial statements for the year ended 31 March 2024
(All amounts are in INR millions, unless otherwise stated)

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-NDSI) under the Certificate No C.07.00781.

2. Material 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 May 21, 2024.

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

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

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

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 Judgments 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. Judgments

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.

Utkarsh CoreInvest Limited (formerly known as Utkarsh Micro Finance Limited)
Notes to the standalone financial statements for the year ended 31 March 2024
(All amounts are in INR millions, unless otherwise stated)

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: The cost of the defined benefit gratuity plan, the present value of the gratuity obligation and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

- Note 7 - Useful life and residual value of property, plant and equipment: Property, Plant and Equipment/ Intangible Assets are depreciated/amortised over their estimated useful lives, after taking into account estimated residual value. The useful lives and residual values are based on the Company's historical experience with similar assets and taking into account anticipated technological changes or commercial obsolescence. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation/amortisation to be recorded during any reporting period. The depreciation/ amortisation for future periods is revised, if there are significant changes from previous estimates and accordingly, the unamortised/depreciable amount is charged over the remaining useful life of the assets.

- Note 32 - Impairment of financial assets: key assumptions in determining the average loss rate

- Note 30 - Fair value measurement of financial instruments: When the fair value of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques as per the valuation policy. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of the 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 is 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.

Calcification and subsequent Measurement

Calcifications

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.

Utkarsh CoreInvest Limited (formerly known as Utkarsh Micro Finance Limited)
Notes to the standalone financial statements for the year ended 31 March 2024
(All amounts are in INR millions, unless otherwise stated)

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 amortized 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 amortized 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.

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.

Utkarsh CoreInvest Limited (formerly known as Utkarsh Micro Finance Limited)
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Investment 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.

Financial Assets not measured at fair value

The carrying value less expected credit loss provision of other financial assets are assumed to approximate their fair values due to their short-term nature.

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.

Utkarsh CoreInvest Limited (formerly known as Utkarsh Micro Finance Limited)
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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 changes 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'

Financial liabilities not measured at fair value

The carrying value less expected credit loss provision of other financial liabilities are assumed to approximate their fair values due to their short-term nature.

Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Modification 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 instrument

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.

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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. Investments 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.

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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-base 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

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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.

Utkarsh CoreInvest Limited (formerly known as Utkarsh Micro Finance Limited)
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(All amounts are in INR millions, unless otherwise stated)

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. Earning per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the posttax effect of exceptional items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of exceptional items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares on account of employee stock options, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Suman Saurabh
Managing Director and CEO
DIN: 07132387

INDEPENDENT AUDITOR'S REPORT (CONSOLIDATED)

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, 2024, 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 material 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, 2024, 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 13 legal cases pending aggregating to 10.18 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. 2,53,344.09 million as at 31 March 2024, total revenues (before consolidation adjustments) of ₹ 31,403.65 million and net cash inflows amounting to Rs. 3,335.81 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 2024 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 2024 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 2024 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 2024.

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.

vii. Based on our examination, which included test checks and that performed by the respective auditors of the subsidiary which are companies incorporated in India whose financial statements have been audited under the Act, the Holding Company and its subsidiaries incorporated in India have used accounting software for maintaining books of account which have a feature of recording audit trail (edit log) facility and that have operated throughout the year for all relevant transactions recorded in the software.

Place: Mumbai
Date: 7th August 2024

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

CA Manish Kankani
Partner
Membership Number: 158020
UDIN: 24158020BKAKPL4459

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: 24158020BKAKPL4459

Place: Mumbai
Date: 7th August 2024

Annexure "B" To 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 2024, 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 2024, 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: 24158020BKAKPL4459

Place: Mumbai
Date: 7th August 2024

Financial Statements (Consolidated)

Utkarsh CoreInvest Limited
Consolidated Balance Sheet As at 31 March 2024
(All amounts are in Rupees millions unless otherwise stated)

	Note	As at 31 March 2024	As at 31 March 2023
Assets			
Financial assets			
Cash and cash equivalents	3	28,464.66	25,125.64
Bank balance other than above	3	1,825.86	41.31
Loans	4	1,76,500.05	1,35,487.95
Investments	5	36,501.58	27,962.50
Other financial assets	6	2,774.43	1,869.93
Non-financial assets			
Current tax assets (net)	7	311.59	190.47
Deferred tax assets (net)	7	1,519.58	883.56
Property, plant and equipment	8	5,014.85	5,165.24
Capital work-in-progress	8	102.84	18.32
Other intangible assets	9	241.71	266.52
Other non-financial assets	10	177.35	145.52
Total assets		**2,53,434.50**	**1,97,156.96**
Equity and Liabilities			
Liabilities			
Financial liabilities			
Trade payables			
- Total outstanding due to micro and small enterprises	11	107.12	91.02
" - Total outstanding dues of creditors other than micro enterprises and small enterprises "	11	387.39	329.09
Borrowings (other than debt securities)	12	34,904.54	27,265.66
Lease liability	48	2,716.73	2,910.98
Deposits	13	1,79,975.81	1,40,540.71
Subordinated liabilities	14	2,098.12	2,342.01
Other financial liabilities	15	3,825.92	2,565.30
Non-financial liabilities			
Current tax liabilities (net)		97.03	83.70
Provisions	16	130.02	120.44
Other non-financial liabilities	17	80.96	143.42
Equity			
Equity share capital	18	987.44	984.21
Other equity	19	19,241.64	16,585.92
Equity attributable to equity holders of the parent		20,229.08	17,570.13
Non controlling interest	19	8,881.78	3,194.50
Total liabilities and equity		**2,53,434.50**	**1,97,156.96**

Summary of material accounting policies 2

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

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

Manish Kankani
Partner
Membership No: 158020

Place: Mumbai
Date: August 07, 2024

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

Suman Saurabh
Managing Director and CEO
DIN: 07132387

G.S. Sundararajan*
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi & Chennai*
Date: August 07, 2024

Utkarsh CoreInvest Limited
Consolidated Balance Sheet As at 31 March 2024
(All amounts are in Rupees millions unless otherwise stated)

	Note	For the year ended 31 March 2024	for the year ended 31 March 2023
I. Revenue from operations			
Interest income	20	30,928.36	27,230.61
Fees and commission income	21	475.28	217.11
Net gain on fair value changes	25		-
Total revenue from operations		**31,403.64**	**27,447.72**
II. Other income	22	2,431.86	1,934.20
III. Total income		**33,835.50**	**29,381.92**
IV. Expenses			
Finance costs	23	12,981.62	10,247.12
Fees and commission expense	24	631.48	362.00
Net loss on fair value changes	25	-	14.89
Net loss on derecognition of financial instruments under amortised cost category			-
Impairment on financial instruments	26	3,783.76	2,261.42
Employee benefits expenses	27	7,397.36	5,727.76
Depreciation and amortisation	28	1,088.92	742.27
Others expenses	29	3,568.30	2,712.46
Total expenses		**29,451.44**	**22,067.92**
V. Profit/(loss) before tax		**4,384.06**	7,314.00
Tax Expense:			
Current tax	7	1,803.51	1,263.14
Deferred tax	7	(717.80)	512.82
VI. Profit for the year		**3,298.35**	**5,538.04**
VII. Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
- Actuarial gain/(loss) on defined benefit obligation		6.93	4.49
- Income tax relating to items that will not be reclassified to profit or loss		(1.82)	(1.13)
Subtotal (A)		5.11	3.36
B (i) Items that will be reclassified to profit or loss			
- Debt securities measured at FVTOCI - reclassified to other comprehensive income		317.69	(481.60)
- Income Tax relating to items that will be reclassified to profit or loss		(79.96)	113.95
Subtotal (B)		237.73	(367.65)
Other comprehensive income (A + B)		**242.84**	**(364.29)**
VIII. Total comprehensive income for the year		**3,541.19**	**5,173.75**
IX. Profit for the year attributable to :			
- Equity holders of the parent		2,437.58	4,696.93
- Non-controlling interest		860.77	841.11
X. Other comprehensive income for the year attributable to :			
- Equity holders of the parent		179.10	(308.83)
- Non-controlling interest		63.74	(55.46)
XI. Total comprehensive income for the year attributable to :			
- Equity holders of the parent		2,616.69	4,388.11
- Non-controlling interest		924.50	785.64
XII. Earnings per equity share			
Basic earnings per share of INR 10.00 each	INR	33.56	56.45
Diluted earnings per share of INR 10.00 each	INR	33.19	55.88

Summary of material 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: August 07, 2024

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

Suman Saurabh
Managing Director and CEO
DIN: 07132387

G.S. Sundararajan*
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi & Chennai*
Date: August 07, 2024

Utkarsh CoreInvest Limited
Consolidated Balance Sheet As at 31 March 2024
(All amounts are in Rupees millions unless otherwise stated)

	Note	For the year ended 31 March 2024	for the year ended 31 March 2023
I. Cash flows from operating activities			
Net profit before tax		4,384.06	7,314.00
Adjustments for:			
Depreciation and amortisation		1,088.92	742.27
Impairment provision/ write offs		3,783.76	2,261.42
Net (gain) / loss in fair value changes		-	14.89
Interest expense		1,806.79	2,432.50
Interest income on investments		(2,112.40)	(1,573.03)
Modification loss on loans		-	-
Employee share based expense		28.98	118.54
Impairment on non-financial asset		3.60	19.81
Loss on sale of property, plant and equipment		-	-
Foreign exchange (loss)		-	-
Operating cash flow before working capital changes		**8,983.71**	**11,330.40**
Adjustments for:			
(Increase) in loans		(44,782.48)	(38,315.28)
(Increase)/ decrease in Derivative Financial Instruments		-	-
(Increase) in other financial assets		(836.64)	(692.86)
Decrease/ (increase) in other non-financial asset		(83.94)	70.25
Increase in deposits		39,435.10	36,615.67
Increase in other financial liability		1,260.59	1,250.75
Increase in other non-financial liability		(62.46)	28.54
Increase in trade payables		74.40	10.95
Increase in provision		31.53	66.52
Cash flow from operations		4,019.81	10,364.93
Income tax paid		(1,911.34)	(842.68)
Net cash flow from operating activities (A)		**2,108.47**	**9,522.25**
II. Cash flow from investing activities			
Purchase of property, plant and equipments (including capital work in progress)		(563.24)	(587.02)
Proceeds from sale of property, plant and equipments		2.32	4.02
Purchase of intangible assets		(164.92)	(150.98)
Purchase of investments		(8,221.39)	(29,786.73)
Sale/(purchase) of non controlling interest		4,755.04	15.46
Proceeds from sale of investments		-	24,612.21
Deposit/withdrawal in other bank balances		(1,784.55)	(4.46)
Dividend income			-
Interest received		2,044.54	1,459.33
Net cash used in investing activities (B)		**(3,932.20)**	**(4,438.17)**
III. Cash flow from financing activities			
Issue of equity shares		59.19	10.62
Repayment of borrowings			-
Payment of lease liabilities		(710.06)	(541.96)
Proceeds from borrowings		7,643.90	5,498.40
Proceeds from issue of subordinated liabilities		(246.03)	(1,500.49)
Reapyment of subordinated liabilities			-
Interest paid		(1,584.25)	(2,107.83)
Net cash (used in)/ from financing activities (C)		**5,162.75**	**1,358.74**
Net increase/(decrease) in cash and cash equivalents (A + B + C)		3,339.02	6,442.82
Opening Cash and Cash Equivalent		25,125.64	18,682.82
Closing Cash and Cash Equivalent		28,464.66	25,125.64
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 material 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: August 07, 2024

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

Suman Saurabh
Managing Director and CEO
DIN: 07132387

G.S. Sundararajan*
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi & Chennai*
Date: August 07, 2024

Utkarsh CoreInvest Limited
Consolidated Balance Sheet As at 31 March 2024
(All amounts are in Rupees millions unless otherwise stated)

A Equity Share Capital

Particulars	Balance as at 31 March 2022	Changes during the year	Balance as at 31 March 2023	Changes during the year	Balance as at 31 March 2024
Paid up share capital	983.30	0.91	984.21	3.24	987.45
Less: Equity share capital classified as financial liability	-	-	-	-	-
Total	**983.30**	**0.91**	**984.21**	**3.24**	**987.45**

B Other Equity

	Reserves and Surplus												Other comprehensive income					
Particulars	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 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**	**19,780.43**
Total Comprehensive Income for the year	-	-		-								2,437.58	175.42		3.68	2,616.68	924.50	3,541.18
Transactions with Non-Controlling Interest	-	-		-								(90.48)	73.79		6.31	(10.38)	4,727.23	4,716.85
Transfer to/(from) retained earnings	-	-	523.40	-			(35.73)	31.64		(14.15)		(505.16)				-		-
Issue of equity shares												-				-		-
ESOP reserve of subsidiary	-	-		-								-				-	35.55	35.55
Share options exercised	-	-		-	17.75		(17.75)		-			-				-		-
Equity settled share based plan	-	-		-			(6.54)					-				(6.54)		(6.54)
Shares issued	-	-		-	34.42							-				34.42		34.42
Share issue expenses	-	-		-								-				-		-
Share application money received	21.54	-		-								-				21.54		21.54
Balance as at 31 March 2024	**21.54**	**(109.01)**	**2,567.65**	**90.00**	**6,531.70**	**4,121.67**	**82.73**	**82.33**	**(2.45)**	**62.30**	**-**	**6,156.63**	**(209.47)**	**(160.62)**	**6.65**	**19,241.64**	**8,881.78**	**28,123.42**

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: August 07, 2024

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

Suman Saurabh
Managing Director and CEO
DIN: 07132387

G.S. Sundararajan*
Chairperson
DIN: 00361030

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi & Chennai*
Date: August 07, 2024

Utkarsh CoreInvest Limited
Consolidated Balance Sheet As at 31 March 2024
(All amounts are in Rupees millions unless otherwise stated)

3 Cash and bank balances	As at 31 March 2024	As at 31 March 2023
Cash and cash equivalents		
Cash in hand	790.21	1,473.31
Balances with banks		
- in current accounts	745.74	610.58
- in RBI current accounts	6,688.79	5,507.26
- in deposits accounts (with maturity less than three months)	-	-
- call/notice lending (with less than three months maturity)	3,754.02	1,100.24
- term lending (with less than three months maturity)	-	-
- term lending (with maturity less than three months maturity)	-	-
Reverse repo	16,487.86	16,436.36
	28,466.62	25,127.75
Less : Allowance for Impairment loss	1.96	2.11
Total (A)	**28,464.66**	**25,125.64**

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.

	As at 31 March 2024	As at 31 March 2023
Bank balance other than above		
Deposits with maturity more than 3 months	1,826.45	41.33
	1,826.45	41.33
Less : Allowance for Impairment loss	0.59	
		0.02
Total (B)	**1,825.86**	**41.31**
Total (A+B)	**30,290.52**	**25,166.95**

Information about the Group's exposure to fair value measurement and credit and market risks are included in Note 40 and 41 respectively.

4 Loans	As at 31 March 2024	As at 31 March 2023
At Amortised cost		
(A)		
(i) Bills Purchased and Bills Discounted		
(ii) Loans repayable on Demand	4,628.90	4,112.67
Term Loans	1,77,622.20	1,36,460.08
Total (A) - Gross	**1,82,251.10**	**1,40,572.75**
Less : Allowance for Impairment loss	(5,751.05)	(5,084.80)
Total (A) - Net	**1,76,500.05**	**1,35,487.95**
(B)		
(i) Secured by tangible assets and intangible assets	62,646.27	43,227.99
(ii) Covered by Bank/Government guarantees	0.19	0.55
(iii) Unsecured	1,19,604.63	97,344.21
Total (B) - Gross	**1,82,251.09**	**1,40,572.75**
Less : Allowance for Impairment loss	(5,751.05)	(5,084.80)
Total (B) - Net	**1,76,500.04**	**1,35,487.95**
(C)		
(i) Priority Sector	1,42,307.67	1,05,407.67
(ii) Banks	-	569.90
(iii) Others	39,943.43	34,595.18
Total (C) - Gross	**1,82,251.10**	**1,40,572.75**
Less : Allowance for Impairment loss	(5,751.05)	(5,084.80)
Total (C) - Net	**1,76,500.05**	**1,35,487.95**

All the Loans above are Loans in India.
For details pertaing to Allowance for Impairment Loss refer note 41

Utkarsh CoreInvest Limited
Consolidated Balance Sheet As at 31 March 2024
(All amounts are in Rupees millions unless otherwise stated)

	Amortised cost	At Fair Value						
		Through other comprehensive income	Through profit or loss	Designated at fair value through profit or loss	Sub- Total	Others	Total
5 Investments:	**(1)**	**(2)**	**(3)**	**(4)**	**(5)=(2)+(3)+(4)**	**(6)**	**(7)=(1)+(5)+(6)**
As on 31 March 2024							
Government securities	-	33,033.26			33,033.26	-	33,033.26
Debt securities	-	3,478.33			3,478.33	-	3,478.33
Equity instruments		-			-		-
Total – Gross (A)	-	**36,511.59**	-	-	**36,511.59**	-	**36,511.59**
(i) Investments in India	-	36,511.59	-	-	36,511.59	-	36,511.59
(ii) Investments outside India	-	-	-	-	-	-	-
Total (B)	-	**36,511.59**	-	-	**36,511.59**	-	**36,511.59**
Less: Allowance for Impairment loss (C)	-	(10.01)	-	-	(10.01)	-	(10.01)
Total – Net D= (A)-(C)	-	**36,501.58**	-	-	**36,501.58**	-	**36,501.58**
As on 31 March 2024							
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**

6 Other financial assets	**As at 31 March 2024**	**As at 31 March 2023**
Interest accrued on investments	542.89	475.03
Bank deposit (due to mature after 12 months from the reporting date)	-	-
Advances recoverable in cash	2,230.89	1,395.35
Other recoverables	0.94	0.01
	2,774.72	1,870.39
Less : Allowance for Impairment loss	0.29	0.46
Total	**2,774.43**	**1,869.93**

Information about the group's exposure to fair value measurement and credit and market risks are included in note 40 and 41

Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to standalone financial statements as at 31 March 2024
(Amount in millions unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
8 Other non-financial assets		
Staff advances*	-	0.06
Pre-paid expenses	0.19	0.18
Total	**0.19**	**0.24**

*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.

	As at 31 March 2024	As at 31 March 2023
9 Trade payables		
Total outstanding due to micro and small enterprises (Refer Note 21)	0.75	0.86
Total outstanding dues of creditors other than micro enterprises & small enterprises	2.02	1.88
Total	**2.77**	**2.74**

Trade payables ageing schedule:

As on 31 March 2024

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	0.75	-		-	-	-	0.75
(ii) Others	1.55	-	0.47	-	-	-	2.02
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
Total	**2.30**	-	**0.47**	-	-	-	**2.77**

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 at 31 March 2024	As at 31 March 2023
10 Other financial liabilities		
Employee benefits payable	2.64	1.94
	2.64	**1.94**
11 Provisions		
Provision for employee benefits		
Provision for gratuity	0.01	0.15
Provision for other employee benefits	0.35	0.76
Total	**0.36**	**0.91**
12 Other non-financial liabilities		
Statutory dues payable		
TDS payable	3.61	0.53
GST payable	0.34	0.20
PF payable	0.06	0.08
	4.01	**0.81**

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7 Income tax

A. Amounts recognised in profit or loss

Particulars	Ended 31 March 2024	Ended 31 March 2023
Current tax		
Current period (a)	1,803.51	1,263.14
Changes in estimates related to prior years (b)	-	-
	-	
Deferred tax (c)	-	
Attributable to-	-	
Origination and reversal of temporary differences	(717.80)	512.82
Sub-total (c)	(717.80)	512.82
Tax expense (a)+(b)+(c)	**1,085.71**	**1,775.96**

B. Income tax recognised in other comprehensive income

Particulars	For the year ended 31 March 2024			For the year ended 31 March 2023		
	Before tax	Tax (expense) / income	Net of tax	Before tax	Tax (expense) / income	Net of tax
Remeasurements of the net defined benefit liability/ asset	6.93	(1.82)	5.11	4.49	(1.13)	3.38
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	317.69	(79.96)	237.73	(481.60)	113.95	(367.64)
	324.61	**(81.78)**	**242.84**	**(477.11)**	**112.83**	**(364.26)**

C. Reconciliation of effective tax rate

Particulars	year ended 31 March 2024		year ended 31 March 2023	
	%	Amount	%	Amount
Profit before tax	25.17%	4,384.06	25.17%	7,314.00
Tax using the Company's domestic tax rate		1,103.38		1,840.79
Effect of:				
Permanent differences	0.33%	14.35	0.20%	14.77
Tax exemption/deduction	1.09%	47.82	-0.43%	(31.23)
Change in unrecognised temporary differences	0.02%	0.75	0.01%	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	-1.84%	(80.59)	0.01%	0.71
Effective tax rate/tax expense		**1,085.70**		**1,825.72**

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(All amounts are in Rupees millions unless otherwise stated)

D. Recognised deferred tax assets and liabilities

Movement of deferred tax assets / liabilities presented in the balance sheet

Particulars	As at 31 March 2023	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March 2024
Deferred tax assets:				
Loans	888.60	207.26		1,095.86
Lease Liabilities	131.14	4.24		135.38
Others	(101.64)	501.92		400.29
Property, plant and equipment	(229.36)	6.28		(223.07)
	688.74	**719.71**	-	**1,408.45**
Deferred tax liabilities:				
Property, plant and equipment	6.61			6.61
Others	(201.43)	1.91	81.78	(117.74)
	(194.82)	**1.91**	**81.78**	**(111.13)**
Net deferred tax assets	**883.56**	**717.80**	**(81.78)**	**1,519.58**

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**

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 2024	As at 31 March 2023
Deductible temporary differences	1.51	1.72
Total	**1.51**	**1.72**

F. Uncertain tax positions

Refer Note 31 on contingent liabilities and commitment relating to income tax matter under dispute.

Particulars	As at 31 March 2024	As at 31 March 2023
Current Tax Assets (net of Provision of INR 190.47 (31 March 2022: INR 527.01))	311.59	190.47
Total	**311.59**	**190.47**

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8 Property, Plant and Equipment

Particulars	Gross Block					Depreciation				Net Block	
	As at 1 April 2023	Adjustment	Additions	Disposals	As at 31 March 2024	As at 1 April 2023	For the year	Disposals	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023
Owned Assets											
Leasehold improvement	500.80	-	78.10	2.31	576.59	134.67	60.05	1.31	193.40	383.19	366.13
Computers	640.55	-	188.26	76.57	752.25	403.79	164.72	75.90	492.61	259.64	236.76
Vehicles	26.44	-	40.89	1.38	65.95	5.00	8.49	0.58	12.91	53.04	21.44
Office equipment	321.90	-	83.71	1.90	403.71	153.10	64.92	1.86	216.16	187.55	168.81
Electrical equipment	502.47	-	34.28	1.70	535.05	127.14	56.21	1.49	181.85	353.19	375.33
Furniture and fixtures	633.45	-	27.10	3.57	656.98	264.86	67.12	3.39	328.59	328.39	368.59
Generator	85.57	-	25.77	-	111.34	32.40	9.80	-	42.20	69.14	53.17
Land	121.20	-	-	-	121.20	-	-	-	-	121.20	121.20
Building	1,001.30	-	-	-	1,001.30	17.47	16.73	-	34.21	967.09	983.83
Right of use assets											
Premises	3,514.37	-	261.82	-	3,776.19	1,097.56	437.31	-	1,534.87	2,241.32	2,416.80
ATM Machines	97.12	-	10.57	-	107.69	43.94	12.66	-	56.60	51.09	53.18
Total	**7,445.16**	-	**750.49**	**87.42**	**8,108.25**	**2,279.93**	**898.00**	**84.52**	**3,093.40**	**5,014.85**	**5,165.24**

Particulars	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**

For capital commitments made by the group refer note 31

Capital-Work-in Progress (CWIP):

Ageing Schedule — **As on 31 March 2024**

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	102.84	-	-	-	102.84
Projects temporarily suspended	-	-	-	-	-
Total	**102.84**	-	-	-	**102.84**

Ageing Schedule — **As on 31 March 2023**

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	18.32	-	-	-	18.32
Projects temporarily suspended	-	-	-	-	-
Total	**18.32**	-	-	-	**18.32**

There are no projects where the completion is overdue or has exceeded its cost compared to its original plan as at 31 March 2024 and as at 31 March 2023

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9 Intangible assets

Particulars	Gross Block					Amortisation				Net Block
	As at 1 April 2023	Adjustment	Additions	Disposals	As at 31 March 2024	As at 1 April 2023	For the year	Disposals	As at 31 March 2024	As at 31 March 2024
Owned Assets										
Computer software	659.40	-	164.90		824.29	416.55	166.05		582.58	241.71
Right of use assets										
Core banking software	165.58	-			165.58	141.91	23.68		165.58	-
Total	**824.98**	-	**164.90**	-	**989.87**	**558.46**	**189.73**	-	**748.16**	**241.71**

Particulars	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**

	As at 31 March 2024	As at 31 March 2023
10 Other non-financial assets		
Capital advances	3.77	37.87
Staff advances	-	0.06
Prepaid expenses	173.58	107.59
Total	**177.35**	**145.52**
11 Trade payables		
Total outstanding due to micro and small enterprises (Refer Note 45)	107.12	91.02
Total outstanding dues of creditors other than micro enterprises and small enterprises	387.39	329.09
Total	**494.51**	**420.11**

Trade payables ageing schedule:

As on 31 March 2024

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	86.93	-	20.19	-	-	-	107.12
(ii) Others	342.07	-	29.79	15.53	-	-	387.39
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
Total	429.00	-	49.98	15.53	-	-	494.51

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	89.96	-	1.07	-	-	-	91.03
(ii) Others	278.85	-	50.24	-	-	-	329.09
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
Total	**368.80**	-	**51.31**	-	-	-	**420.12**

Utkarsh CoreInvest Limited
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(All amounts are in Rupees millions unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
9 Borrowings (Other than Debt Securities)		
At Amortised cost		
Term loans		
- from banks		-
- from financial institution	33,262.61	25,687.03
- from others	-	-
RBI repo	1,641.93	1,578.63
Lease liability		
Total	**34,904.54**	**27,265.66**
Borrowings in India	34,904.54	27,265.66
Borrowings outside India	-	-
Total	**34,904.54**	**27,265.66**

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

(All amounts are in Rupees millions unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023

Terms of 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 2024						
Secured borrowing in the form of Inter Bank Paticipatory Certificates (IBPC)						
HDFC BANK LIMITED	2,060.20	2,000.00	6.50%	10-Apr-24	Bullet repayment	10-Apr-24
MIZORAM RURAL BANK	1,723.71	1,700.00	5.50%	26-Jun-24	Bullet repayment	26-Jun-24
HDFC BANK LIMITED	2,032.98	2,000.00	6.50%	30-May-24	Bullet repayment	30-May-24
YES BANK LIMITED	2,015.74	2,000.00	5.40%	5-Aug-24	Bullet repayment	5-Aug-24
YES BANK LIMITED	3,015.20	3,000.00	6.00%	28-Aug-24	Bullet repayment	28-Aug-24
YES BANK LIMITED	2,001.81	2,000.00	6.00%	23-Sep-24	Bullet repayment	23-Sep-24
HDFC BANK LIMITED	4,004.80	4,000.00	6.99%	29-Jul-24	Bullet repayment	29-Jul-24
Secured Refinance from Financial Institution						
NABARD - Refinance 6	302.29	300.00	9.00%	31-Jan-20	Principal Half yearly/Interest Monthly	31-Jul-24
NABARD - Refinance 7	604.33	600.00	8.50%	31-Jul-20	Principal Half yearly/Interest Monthly	31-Jan-25
NABARD - Refinance 8	402.89	400.00	8.50%	31-Aug-20	Principal Half yearly/Interest Monthly	28-Feb-25
NABARD - Refinance 9	1,010.71	1,000.00	8.50%	30-Sep-20	Principal Half yearly/Interest Monthly	31-Mar-25
NABARD- Refinance 10	1,115.89	1,110.00	6.25%	31-Aug-22	Principal Half yearly/Interest Monthly	31-Jan-25
NABARD- Refinance 11	744.89	740.00	6.30%	30-Sep-22	Principal Half yearly/Interest Monthly	28-Feb-25
NABARD- Refinance 12	2,016.38	2,000.00	8.60%	30-Jun-23	Principal Half yearly/Interest Monthly	31-Mar-26
NABARD- Refinance 13	1,500.88	1,490.00	8.60%	31-Aug-23	Principal Half yearly/Interest Monthly	31-May-26
NABARD- Refinance 14	2,117.26	2,100.00	8.50%	30-Sep-23	Principal Half yearly/Interest Monthly	31-Dec-25
NABARD- Refinance 15	5,036.31	5,000.00	8.55%	29-Feb-24	Principal Half yearly/Interest Monthly	30-Nov-26
SIDBI- Refinance 6	670.07	667.20	6.55%	10-May-22	Principal Half yearly/Interest Monthly	10-Feb-25
SIDBI- Refinance 7	460.35	460.00	5.50%	9-Apr-24	Principal Half yearly/Interest Monthly	1-Mar-27
NHB	425.92	425.92	4.90%	1-Jul-23	Principal Half yearly/Interest Monthly	1-Jan-30
RBI Repo						
LTRO - 6	1,641.93	1,500.00	4.00%	12-Dec-24	Bullet	12-Dec-24

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 borrowing in the form of Inter Bank Paticipatory Certificates (IBPC)						
HDFC BANK LIMITED	4,002.67	4,000.00	6.50%	25-Sep-23	Bullet repayment	25-Sep-23
HDFC BANK LIMITED	1,999.80	2,000.00	6.50%	28-Aug-23	Bullet repayment	28-Aug-23
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

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.

(All amounts are in Rupees millions unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
13 Deposits (at amortized cost)		
Deposits		
(i) From Banks	43,279.04	37,673.86
(ii) From Others *	1,36,696.77	1,02,866.85
Total	**1,79,975.81**	**1,40,540.71**

* Includes deposit received from related parties refer Note no. 36 for the same

	As at 31 March 2024	As at 31 March 2023
14 Subordinated Liabilities (at amortized cost)		
Subordinated debt	2,098.12	2,342.01
Total (A)	**2,098.12**	**2,342.01**
Subordinated Liabilities in India	2,098.12	2,342.01
Subordinated Liabilities outside India	-	-
Total (B)	**2,098.12**	**2,342.01**

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 2024						
Unsecured						
Redeemable non convertible debt - 15	148.38	150.00	10.58%	30-Aug-25	Bullet repayment	30-Aug-25
Redeemable non convertible debt - 16	1,949.74	1,950.00	12.50%	26-Jun-27	Bullet repayment	26-Jun-27
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 2024	As at 31 March 2023
15 Other financial liabilities		
Employee benefits payable	608.49	349.18
Security deposit from staff	70.03	87.59
Expenses payable	3,039.55	2,085.98
Client insurance payable	107.85	42.55
Total	**3,825.92**	**2,565.30**
16 Provisions		
For Employee Benefits		
Provision for gratuity *	16.44	11.18
Provision for leave benefits	57.64	60.94
Allowance on impairment loss on off-book exposure **	28.55	17.33
Others	27.39	30.99
Total	**130.02**	**120.44**

* Refer note 34 for employee benefits.
** For information about allowance on impairment loss on off book exposure refer note 41.

	As at 31 March 2024	As at 31 March 2023
17 Other non-financial liabilities		
Statutory dues payable	80.96	143.42
Total	**80.96**	**143.42**

(All amounts are in Rupees millions unless otherwise stated)

		As at 31 March 2024	As at 31 March 2023
18	**Share capital**		
	Authorised		
	Equity shares		
	10,00,00,000 (31 March 2023: 10,00,00,000) Equity shares of INR 10 each	1,000	1,000
	Issued, subscribed and paid-up		
	Equity shares		
	9,87,44,490 (Previous year 9,84,20,960) equity shares of Rs. 10 each, fully paid up	987.44	984.21
	Total	**987.44**	**984.21**

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

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number of shares (in units)	Amount	Number of shares (in units)	Amount
Outstanding as at the beginning of the year	9,84,20,960	984.21	9,83,29,666	983.30
Issued during the year	3,23,530	3.23	91,294	0.91
Outstanding at the end of the year	**9,87,44,490**	**987.44**	**9,84,20,960**	**984.21**

(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 2024		As at 31 March 2023	
	Number of shares (in units)	% of Holding	Number of shares (in units)	% of Holding
NMI Frontier Fund KS, Norway	77,02,602	7.80%	77,02,602	7.83%
British International Investment PLC (Formerly known as CDC Group PLC)	1,37,26,978	13.90%	1,37,26,978	13.95%
Faering Capital India Evolving FUND II	76,60,082	7.76%	76,60,082	7.78%
RBL Bank Limited	97,02,950	9.83%	97,02,950	9.86%
Total	**3,87,92,612**	**39.29%**	**3,87,92,612**	**39.42%**

(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 2024	As at 31 March 2023
19	**Other equity**		
	Share Application money pending allotment		
	Balance as at the beginning of the year	-	-
	Shares issued during the year	-	-
	Amount received during the year	21.54	-
	Balance as at the end of the year	**21.54**	**-**
	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	2,044.25	1,184.72
	Add: Transferred from retained earnings	523.40	859.53
	Add: Transactions with Non-Controlling Interest		-
	Balance as at the end of the year	**2,567.65**	**2,044.25**
	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	6,479.53	6,466.14
	Add: Transactions with Non-Controlling Interest	-	-
	Add: Transfer from stock option outstanding	52.17	13.39
	Balance as at the end of the year	**6,531.70**	**6,479.53**
	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	142.75	155.71
	Add: Compensation for options granted	(6.54)	1.74
	Less: transfer to retained earnings	(35.73)	(11.00)
	Exercise of stock options	(17.75)	(3.70)
	Others		-
	Balance as at the end of the year	**82.72**	**142.75**
	Investment fluctuation reserve		
	Balance as at the beginning of the year	50.69	65.95
	Add: transfer from retained earnings		(15.26)
	Add: Transactions with Non-Controlling Interest	31.64	-
	Balance as at the end of the year	**82.33**	**50.69**
	Treasury shares		
	Balance as at the beginning of the year	(2.45)	(2.46)
	Treasury shares exercised during the year	-	0.01
	Balance as at the end of the year	**(2.45)**	**(2.45)**
	Retained earnings		
	Balance as at the beginning of the year	4,314.69	444.21
	Add: Profit for the year	2,437.58	4,696.93
	Add: Amount transferred to various reserves	(505.16)	(833.23)
	Share issue expenses		-
	Transactions with Non controlling interest	(90.48)	6.78
	Balance as at the end of the year	**6,156.63**	**4,314.69**
	Debt instruments through other comprehensive income		
	Balance as at the beginning of the year	(458.68)	(147.01)
	Other comprehensive income for the year	175.42	(311.67)
	Transactions with Non-Controlling Interest	73.79	-
	Balance as at the end of the year	**(209.47)**	**(458.68)**

(All amounts are in Rupees millions unless otherwise stated)

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	(3.34)	(6.18)
Other comprehensive income for the year	3.68	2.84
Transactions with Non-Controlling Interest	6.31	-
Balance as at the end of the year	**6.65**	**(3.34)**
Capital reserve		
Balance as at the beginning of the year	76.45	76.48
Additions during the year	(14.15)	(0.03)
Balance as at the end of the year	**62.30**	**76.45**
Non-controlling interest		
Balance as at the beginning of the year	3,194.50	2,283.38
Other comprehensive income for the year	924.50	785.64
Purchase of Non controlling interest	4,727.23	8.68
Transfer from retained earnings	-	-
ESOP reserve of subsidiary	35.55	116.80
Balance as at the end of the year	**8,881.78**	**3,194.50**
Total	**28,123.42**	**19,780.42**

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 2024		For the year ended 31 March 2023	
	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	-	27,916.56	-	24,895.72
Income from securitised portfolio	-	75.07	-	-
Income from business correspondence portfolio	-	-	-	-
Interest income on fixed deposits	-	-	-	2.37
Interest income on investments	2,112.40	-	1,573.03	-
Others (Interest on RBI Reverse Repo, TREPS Reverse Repo, Call / Term Lending)	-	824.33	-	759.49
Total	**2,112.40**	**28,815.96**	**1,573.03**	**25,657.58**

	For the year ended 31 March 2024	For the year ended 31 March 2023
21 Fees and commission income		
ATM interchange - acquirer fees	-	27.03
Insurance commission	448.56	189.21
Others	26.72	0.87
	475.28	**217.11**
22 Other income		
Dividend income		
Net gain on derecognition of property, plant and equipment		
Foreign exchange gain	-	-
Fees on sale of PSLC	-	-
Modification loss on financial instruments	-	
Miscellaneous income*	2,421.18	1,934.20
Interest on financial assets at amortised cost	-	-
Recovery from written off portfolio	10.68	
Total	**2,431.86**	**1,934.20**

* Includes Nil fee received on sale of PSLCs of INR (31 March 2023: INR 961.44)

	For the year ended 31 March 2024		For the year ended 31 March 2023	
	On Financial Liabilities measured at Fair value through OCI	On Financial Liabilities measured at Amortised Cost	On Financial Liabilities measured at Fair value through OCI	On Financial Liabilities measured at Amortised Cost
23 Finance costs				
Interest on deposits	-	11,174.83	-	7,814.62
Interest on borrowings	-	1,530.04	-	2,097.03
Interest on non-convertible debentures	-	-	-	-
Interest on subordinated debt	-	273.23	-	335.47
Interest on Finance lease	-	-	-	-
Other borrowing costs	-	3.52	-	-
Total	**-**	**12,981.62**	**-**	**10,247.12**

	For the year ended 31 March 2024	For the year ended 31 March 2023
24 Fees and commission expenses		
ATM interchange - issuer fees	87.08	102.20
Commission on business correspondent	544.40	259.80
Total	**631.48**	**362.00**

(All amounts are in Rupees millions unless otherwise stated)

			For the year ended 31 March 2024	For the year ended 31 March 2023
25	**Net (gain)/loss on fair value changes**			
	Derivative instruments		-	-
	Reclassified from OCI for sale of investments		-	14.89
	Net (gain)/loss on fair value changes	**-**	**-**	**14.89**
	Fair value changes :			
	- Realised		-	14.89
	- Unrealised			-
	Total	**-**	**-**	**14.89**

		For the year ended 31 March 2024		For the year ended 31 March 2023	
		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**
26	**Impairment on financial instruments**				
	Loans		3,770.38	-	2,238.94
	Investments	(1.89)	15.02	7.65	13.53
	Other assets		0.25	-	1.29
	Total	**(1.89)**	**3,785.65**	**7.65**	**2,253.76**

For information about impairment on financial instruments refer note 41

		For the year ended 31 March 2024	For the year ended 31 March 2023
27	**Employee benefit expenses**		
	Salaries and wages	6,755.01	5,095.74
	Contribution to provident and other funds	516.78	427.15
	Share Based Payments to employees	68.80	126.17
	Staff welfare expenses	56.77	78.70
	Total	**7,397.36**	**5,727.76**

Refer note 34 for employee benefits.

28	**Depreciation and amortisation**		
	Depreciation of property, plant and equipment	899.19	579.77
	Amortisation of intangible assets	189.73	162.50
	Total	**1,088.92**	**742.27**

Utkarsh CoreInvest Limited
Notes to consolidated financial statements for the year ended 31 March 2024
(All amounts are in Rupees millions unless otherwise stated)

29 Other expenses

Modification loss on financial instruments	-	-
Repairs and maintenance	174.87	66.70
Contribution towards Corporate Social Responsibilities (refer Note 46)	51.60	32.60
Legal and professional charges	290.62	182.94
Auditor’s fees and expenses (Refer Note 30)	22.06	20.15
Subscription and membership expenses	7.46	7.46
Provision for diminution of investments	27.50	-
Recruitment expenses	-	44.79
Loss on account of theft and fraud	-	-
Loss/write off on sale of property, plant and equipment	-	-
Insurance	148.37	116.36
Director sitting fees	4.33	24.01
Rates and taxes	-	-
Portfolio Written Off	-	-
Portfolio Written Off	-	-
Foreign exchange fluctuation loss	-	-
Rent	9.57	15.20
Professional and consultancy charges	-	-
Travelling expenses	295.44	218.68
Printing and stationery	142.54	125.08
Communication expenses	309.26	235.52
Credit bureau expenses	31.53	25.83
Power and fuel	169.97	143.80
Contingent provision against standard assets (refer Note 2.26)	-	-
Provision on non performing assets (refer Note 2.26)	-	-
Provision against unreconciled balances	3.60	19.81
Portfolio written off (refer Note 2.26)	-	-
Provision for diminution of investments	-	-
Office maintenance	59.49	130.39
Software charges	728.54	504.65
Loss on sale of investment (Utkarsh Welfare Foundation)	-	-
Modification loss on financial instruments	-	-
Miscellaneous expenses	1,091.56	798.49
Total	**3,568.30**	**2,712.46**

30 Payment to Auditors

Statutory audit fees	18.04	18.20
Certification and other services	-	0.10
Reimbursement of expenses	4.02	1.85
Total	**22.06**	**20.15**

(All amounts are in Rupees millions unless otherwise stated)

		As at 31 March 2024	As at 31 March 2023
31	**Contingent Liabilities, commitments and contingent assets**		
A.	**Contingent liabilities and capital commitments**		
(i)	Claims not acknowledged as debts	28.05	196.53
(ii)	Other items for which the group is contingently liable *	741.12	3,344.21
	Total	**769.17**	**3,540.74**

* Includes capital commitments of INR 478.71 (31 March 2023: INR 306.59) and Bank Guarantee of INR 262.41 (31 March 2023: 255.11).

Claims against the company not acknowledged as debts in respect of Income Tax is INR 150.22 (31 March 2023: INR 196.53).

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 2024 and 31 March 2023.

C. **Contingent assets**

There are no contingent assets as at 31 March 2024 and 31 March 2023.

(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.

Particulars	As at 31 March 2024			As at 31 March 2023		
	Within 12 months	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Assets						
Financial assets						
Cash and cash equivalents	25,976.82	2,487.84	28,464.66	21,273.08	3,852.56	25,125.64
Bank balance other than above	1,819.70	6.16	1,825.86	4.43	36.88	41.31
Derivative financial instruments	-	-	-	-	-	-
Loans	92,836.75	83,663.30	1,76,500.05	71,576.02	63,911.93	1,35,487.95
Investments	23,747.14	12,754.44	36,501.58	16,064.52	11,897.98	27,962.50
Other financial assets	2,163.83	610.60	2,774.43	1,205.17	664.76	1,869.93
			-			
Non-financial assets						
Current tax assets (net)	124.16	187.43	311.59	-	190.47	190.47
Deferred tax assets (net)	-	1,519.58	1,519.58	-	883.56	883.56
Property, plant and equipment	0.06	5,014.79	5,014.85	-	5,165.24	5,165.24
Capital work-in-progress	-	102.84	102.84	-	18.32	18.32
Other intangible assets	54.28	187.43	241.71	-	266.52	266.52
Other non-financial assets	0.19	177.16	177.35	38.51	107.01	145.52
Total Assets	**1,46,722.93**	**1,06,711.56**	**2,53,434.49**	**1,10,161.74**	**86,995.23**	**1,97,156.96**
Liabilities						
Financial liabilities						
Trade payables						
- Total outstanding due to micro and small enterprises	107.12		107.12	91.02	-	91.02
- Total outstanding dues of creditors other than micro enterprises and small enterprises	387.39		387.39	329.09	-	329.09
Borrowings (other than debt securities)	27,864.18	7,040.36	34,904.54	14,961.22	12,304.44	27,265.66
Lease liability	694.35	2,022.38	2,716.73	686.98	2,223.99	2,910.98
Deposits	1,05,954.93	74,020.88	1,79,975.81	71,263.52	69,277.19	1,40,540.71
Subordinated liabilities	4.00	2,094.12	2,098.12	4.01	2,338.00	2,342.01
Other financial liabilities	4,313.11	(487.19)	3,825.92	2,416.67	148.63	2,565.30
Non-financial liabilities			-			
Current tax liabilities (net)	97.03	-	97.03	83.70	-	83.70
Provisions	-	130.02	130.02	-	120.44	120.44
Deferred tax liabilities (net)		-	-	-	-	-
Other non-financial liabilities	76.93	4.03	80.96	143.42	-	143.42
Total Liabilities	**1,39,499.03**	**84,824.61**	**2,24,323.64**	**89,979.64**	**86,412.67**	**1,76,392.32**
Net	**7,223.90**	**21,886.95**	**29,110.85**	**20,182.10**	**582.56**	**20,764.64**

33 Change in liabilities arising from financing activities

Particulars	As at 1 April 2023	Cashflows	Other non-cash adjustments	As at 31 March 2024
Deposits	1,40,540.71	39,496.05	0.53	1,79,975.81
Borrowings (other than debt securities)	27,265.66	7,643.90	(5.02)	34,904.54
Lease liability	2,910.98	(710.06)	515.81	2,716.73
Subordinated liabilities	2,342.01	(246.03)	2.14	2,098.12
Total Liabilities from financing activities	**1,73,059.36**	**46,183.85**	**513.46**	**2,19,695.20**

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)	1,226.20	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**

(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 2024. 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

	As at 31 March 2024	As at 31 March 2023
Net defined benefit liability	221.86	11.18

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 2024 is INR 70.94 (31 March 2023 - INR 71.49).

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:

Particulars	As at 31 March 2024			As at 31 March 2023		
	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	233.04	221.86	11.18	195.97	189.47	6.50
Included in profit or loss						-
Current service cost	67.50	-	67.50	54.18	-	54.18
Past Service credit				-	-	-
Interest cost (income)	16.93	16.09	0.85	11.26	11.03	0.23
Total (A)	**84.43**	**16.09**	**68.34**	**65.44**	**11.03**	**54.41**
Included in Other comprehensive income						
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
- demographic assumptions	(20.33)	-	(20.33)	-	-	-
- financial assumptions	2.21	-	2.21	(1.46)	-	(1.46)
- experience adjustment	4.47	-	4.47	(3.85)	-	(3.85)
– Return on plan assets excluding interest income	-	(0.23)	0.23	-	1.20	(1.20)
Total (B)	**(13.65)**	**(0.23)**	**(13.41)**	**(5.31)**	**1.20**	**(6.51)**
Other						
Contributions paid by the employer	-	49.22	(49.22)	-	40.65	(40.65)
Benefits paid	-	(29.58)	29.58	-	(20.49)	20.49
Benefits paid from revenue account of the Group	(29.58)	-	(29.58)	(23.06)	-	(23.06)
	-	-	-			
Total (C)	**(29.58)**	**19.62**	**(49.22)**	**(23.06)**	**20.16**	**(43.22)**
Balance at the end of the year	**274.24**	**257.34**	**16.89**	**233.04**	**221.86**	**11.18**

Amount recognised in Statement of Profit and Loss Account

	For the year ended 31 March 2024	For the year ended 31 March 2023
Gratuity Expenses	68.34	54.41

For detailed Break up please refer column 'Net defined benefit (asset)/ liability' in the above table

(All amounts are in Rupees millions unless otherwise stated)

C. Plan assets

	For the year ended 31 March 2024	As at 31 March 2023
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):

	As at 31 March 2024	As at 31 March 2023
Discount rate	7.25%	7.25%
Future salary growth	7.00% for the first 2 years, and 9.00% thereafter	7% for first two years and 9% thereafter
Withdrawal rate:		
For management	12% - 31.90%	12% - 13.10%
For junior staff		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 2024		As at 31 March 2023	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(9.51)	10.22	(11.09)	12.25
Future salary growth (1% movement)	9.66	9.14	11.72	10.75

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 2024	As at 31 March 2023
(i)	Duration of defined benefit obligation		
	Duration (Years)		
	0-1 years	74.95	43.81
	1 to 5 years	178.35	141.18
	More than 5	113.41	178.56
	Total	**366.70**	**363.55**
(ii)	Weighted Average duration of the defined benefit obligation	3-6 years	5-6 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.

(All amounts are in Rupees millions unless otherwise stated)

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 2024	As at 31 March 2023
Contribution to Provident Fund and other funds	516.78	427.15

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-

	As at 31 March 2024	Year ended 31 March 2023
Amount recognised in Statement of Profit and Loss	51.45	77.52

(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 2023: 30,000) 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

Particulars	31 March 2024		31 March 2023	
	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	29,96,867	116.32	37,13,085	116.32
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	-	-		
Add: Adjustment of previous year (negative impact)	-	-	2,32,936	103.66
Less: Lapsed/forfeited during the year	10,91,634	115.38	8,74,063	111.97
Less: Exercised during the year	3,23,530	116.37	1,05,091	109.89
Less: Adjustment of previous year	3,02,476	113.09		92.19
Outstanding options at the end of the year	**13,09,227**	**119.40**	**29,96,867**	**116.32**
Options vested and exercisable at the end of the year	9,91,210	117.60	18,94,256	115.04

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2024 was 116.37 (31 March 2023 INR 109.89).

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 2024	No of options outstanding As at 31 March 2023
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 April 2018	1 April 2020 - 1 April 2023	109.36	-	5,04,988
1 April 2019	1 April 2021 - 1 April 2024	109.36	-	5,250
1 June 2019	1 June 2021 - 1 June 2024	109.36	4,69,000	9,33,967
9 Dec 2019	9 Dec 2021 - 9 Dec 2024	125	35,000	45,000
1 Oct 2020	1 Oct 2022 - 1 Oct 2025	125.00	7,67,727	13,42,918
1 April 2021	1 April 2023 - 1 April 2026	125.00	7,031	30,000
1 April 2022	1 April 2024 - 1 April 2027	125.00	12,188	30,000
1 April 2023	1 April 2025 - 1 April 2028	125.00	18,281	-

	31 March 2024	31 March 2023
Weighted average remaining contractual life of options outstanding at the end of the period	2.05 years	2.55 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 - 99.40

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	131.59	5.55%	50.10 - 65.77
1 April 2021	1 April 2023 - 1 April 2026	49.30%	125.00	142.5	5.80%	53.60 - 77.00
1 April 2022	1 April 2024 - 1 April 2027	49.10%	125.00	155.20	6.20%	60.00 - 88.30
1 April 2023	1 April 2025 - 1 April 2028	49.90%	125.00	166.70	7.10%	68.20 - 99.40

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.

(All amounts are in Rupees millions unless otherwise stated)

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	General grant	Grant to MD & CEO 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 2024 Number of share options (in Units)	31 March 2024 Average exercise price per share	31 March 2023 Number of share options (in Units)	31 March 2023 Average exercise price per share
Outstanding options at the beginning of the year	2,93,85,764	27.16	1,43,22,600	26.57
Add: Granted during the year	1,67,09,150	44.08	1,80,82,976	27.32
Add: Granted during the year with Grant effective date pertaining to FY 20-21	-	-	-	-
Less: Lapsed/forfeited during the year	41,28,225	27.02	24,01,125	27.04
Less: Exercised during the year	35,52,797	27.10	3,83,141	21.23
Less: Adjustment of previous year	-	-	2,35,546	14.01
Outstanding options at the end of the year	**3,84,13,892**	**34.54**	**2,93,85,764**	**27.16**
Options vested and exercisable at the end of the year	59,16,227	27.05	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 2024 was INR 27.10 (31 March 2023: INR 21.23).

(All amounts are in Rupees millions unless otherwise stated)

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 2024	No of options outstanding As at 31 March 2023
28 December 2020	28 Dec 2023 - 28 Dec 2026	14.01	17,845.00	35,689.00
1 August 2021	1 Aug 24 - 1 Aug 2027	27.00	78,07,662.00	1,20,17,600.00
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	10,000.00	20,000.00
1 January 2022	1 Jan 2025 - 1 Jan 2028	31.80	15,000.00	20,000.00
12 January 2022	12 Jan 2025 - 12 Jan 2028	14.01	-	68,999
1 April 2022	1 April 2025 - 1 April 2028	31.80	60,000	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	20,000
16 July 2022	16 July 2025 - 16 July 2028	31.80	18,750	25,000
1 August 2022	1 Aug 25 - 1 Aug 2028	27.00	1,28,19,001	1,58,77,250
17 Sep 2022	17 Sep 2025 - 17 Sep 2027	31.80	4,17,484	6,26,226
30 Sep 2022	30 Sep 2025 -30 Sep 2028	31.80	1,50,000	2,00,000
13 Oct 2022	13 Oct 2025 -13 Oct 2028	27.00	1,20,000	1,20,000
2 Jan 2023	2 Jan 2026 - 2 Jan 2029	31.80	35,000	35,000
1 Feb 2023	1 Feb 2026 - 1 Feb 2029	31.80	1,04,000	1,30,000
20 Mar 2023	20 Mar 2023 - 20 Mar 2029	31.80	75,000	75,000
1 Jan 2024	01 Jan 2024 - 01 Jan 2029	27.00	55,000	-
16 Mar 2024	16 Mar 2024 - 16 Mar 2030	44.14	1,66,54,150	-

Weighted average remaining contractual life of options outstanding at the end of the period	3.42 years	4.91 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	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
January 1, 2024 to March 16, 2024	1 Jan 2027 - 16 Mar 2029	43.00%	27 to 44.14	10	6.99%	14.38 - 23.28

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 (ceased to be MD & CEO w.e.f. 19 December 2023)
ii	Mr. Suman Saurabh	– Managing Director & CEO (w.e.f. 19 December 2023)
iii	Mr. G.S. Sundararajan	– Independent Director
iv	Mr. Gaurav Malhotra	– Nominee Director (ceased to be director w.e.f. 25 August 2022)
v	Mr. Atul	– Independent Director
vi	Mr. T. K. Ramesh Ramanathan	– Nominee Director (ceased to be director w.e.f. 13 March 2024)
vii	Mr. Harjeet Toor	– Nominee Director (ceased to be director w.e.f. 23 June 2022)
viii	Mr. Aditya Deepak Parekh	– Nominee Director
ix	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 2024	As at 31 March 2023
Short-term employee benefits		
Ashwani Kumar	5.26	5.11
Suman Saurabh	2.10	
GS Sundararajan	1.06	1.06
Post-employment defined benefit plan		
Ashwani Kumar	1.11	0.84
Suman Saurabh	0.11	
Other long term benefits		
Ashwani Kumar	0.34	0.97
Share-based payments		
Ashwani Kumar	(0.32)	0.53
Sitting fees		
G S Sundararajan	1.10	0.90
Atul	0.96	0.83
	11.72	**10.25**

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		
British International Investment PLC (Formerly known as CDC Group PLC): Interest expense	-	44.88
Key Managerial Personnel: Purchase of Securities	-	-
Bank deposits		
Mr. Ashwani Kumar	13.64	5.78
Mr. Suman Saurabh	8.80	
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.

(All amounts are in Rupees millions unless otherwise stated)

D. (Payable) / receivables as at balance sheet date:

	Name of related party	As at 31 March 2024	As at 31 March 2023
i.	British International Investment PLC (Formerly known as CDC Group PLC)		
	Debt securities issued to British International Investment PLC	-	-
ii.	Mr. Ashwani Kumar		
	Saving bank deposits	0.20	2.92
	Fixed deposits	0.01	0.01
iii.	Mr. Suman Saurabh		
	Saving bank deposits	0.10	-
iv.	Mr. G S Sundararajan		
	Fixed deposits	10.00	10.07
v.	Mr. Aditya Deepak Parekh		
	Saving bank deposits	0.00	0.00

(All amounts are in Rupees millions unless otherwise stated)

37 Earnings per share

Particulars		For the year ended 31 March 2024	For the year ended 31 March 2023
a) Basic earning per share			
Profit after tax		3,298.35	5,538.04
Weighted average number of equity shares outstanding during the year – Basic	Nos.	9,82,75,137	9,81,11,039
b) Diluted earning per share			
Adjusted net profit/(loss) for the year		3,298.35	5,538.04
Weighted average number of equity shares outstanding during the year – Basic	Nos.	9,82,75,137	9,81,11,039
Add: Weighted average number of potential equity shares on account of employee stock options	Nos.	11,11,091	9,94,742
Weighted average number of equity shares outstanding during the year – Diluted	Nos.	9,93,86,227	9,91,05,781
Earnings per share			
Basic – par value of Rs.10 each	INR	33.56	56.45
Diluted - par value of Rs.10 each	INR	33.19	55.88

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 2024 FVTPL	FVTOCI	Amortised cost
Financial assets:			
Cash and cash equivalents	-		28,464.66
Bank balance other than above	-		1,825.86
Derivative financial instruments	-		-
Loans	-		1,76,500.05
Investments	-	36,501.58	
Other financial assets	-		-
	-	**36,501.58**	**2,06,790.57**
Financial liabilities:			
Trade payables	-		494.51
Borrowings (other than debt securities)	-		34,904.54
Lease liability	-		2,716.73
Deposits	-		1,79,975.81
Subordinated liabilities	-		2,098.12
Other financial liabilities	-		3,825.92
	-	**-**	**2,24,015.63**

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**

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 2024	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments	-	-	-	-
Investments	-	36,501.58	-	36,501.58
	-	**36,501.58**	**-**	**36,501.58**

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**

(All amounts are in Rupees millions unless otherwise stated)

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

As at 31 March 2024	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	28,464.66	-	-	28,464.66	28,464.66
Bank balance other than above	1,825.86	-	-	1,825.86	1,825.86
Loans	-	-	-	1,76,087.38	1,76,087.38
Other financial assets	1,76,500.05	-	-	1,76,500.05	1,76,500.05
	2,06,790.57	**-**	**-**	**3,82,877.95**	**3,82,877.95**
Financial liabilities:					
Trade payables	494.51	-	-	494.51	494.51
Borrowings (other than debt securities)	34,904.54	-	-	34,975.80	34,975.80
Lease liability	2,716.73	-	-	2,716.73	2,716.73
Deposits	1,79,975.81	-	-	1,80,461.02	1,80,461.02
Subordinated liabilities	2,098.12	-	-	2,127.72	2,127.72
Other financial liabilities	3,825.92	-	-	4,317.15	4,317.15
	2,24,015.63	**-**	**-**	**2,25,092.92**	**2,25,092.92**

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**

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.

(All amounts are in Rupees millions unless otherwise stated)

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 2024

	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and advances at amortised cost	-	-	-	-	-
	-	-	-	-	-
Current (not past due)	1,71,831.71	-	-	-	1,71,831.71
1-30 days past due	2,762.67	-	-	-	2,762.67
31-60 days past due	-	1,753.27	-	-	1,753.27
61-90 days past due	-	1,744.58	-	-	1,744.58
More than 90 days past due	-	-	4,158.87	-	4,158.87
	1,74,594.38	3,497.85	4,158.87	-	1,82,251.10
Loss allowance	(2,087.23)	(850.42)	(2,813.41)	-	(5,751.05)
Carrying value	**1,72,507.15**	**2,647.43**	**1,345.46**	**-**	**1,76,500.05**
	-	-	-	-	-
Other financial assets at amortised cost	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
	-	-	-	-	-
Gross carrying amount	2,773.78	-	-	-	2,773.78
Loss allowance	(0.29)	-	-	-	(0.29)
Carrying value	**2,773.49**	**-**	**-**	**-**	**2,773.49**
	-	-	-	-	-
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Investment in debt securities at FVTOCI	-	-	-	-	-
	-	-	-	-	-
Sovereign rated	33,032.30	-	-	-	33,032.30
BBB - to AAA	3,479.28	-	-	-	3,479.28
BB- to BB+	-	-	-	-	-
B- to B+	-	-	-	-	-
C to CCC+	-	-	-	-	-
D	-	-	-	-	-
	36,511.58	-	-	-	36,511.58
Loss allowance	(10.01)	-	-	-	(10.01)
Amortised cost	**36,501.57**	**-**	**-**	**-**	**36,501.57**
	-	-	-	-	-
Bank balances	-	-	-	-	-
	-	-	-	-	-
BBB - to AAA	14,247.75	-	-	-	14,247.75
BB- to BB+	-	-	-	-	-
B- to B+	-	-	-	-	-
C to CCC+	-	-	-	-	-
D	-	-	-	-	-
	14,247.75	-	-	-	14,247.75
Loss allowance	(2.55)	-	-	-	(2.55)
Amortised cost	**14,245.20**	**-**	**-**	**-**	**14,245.20**

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	2,183.63	4,346.22	-	1,40,573.00
Loss allowance	(1,373.75)	(664.60)	(3,045.90)	-	(5,084.24)
Carrying value	**1,32,669.40**	**1,519.03**	**1,300.32**	**-**	**1,35,488.76**
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
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**
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Investment in debt securities at FVTOCI					
BBB - to AAA	27,962.49	-	-	-	27,962.49
BB- to BB+	-	-	-	-	-
B- to B+	-	-	-	-	-
C to CCC+	-	-	-	-	-
D	-	-	-	-	-
	27,962.49	-	-	-	27,962.49
Loss allowance	(11.91)	-	-	-	(11.91)
Amortised cost	**27,950.58**	**-**	**-**	**-**	**27,950.58**
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**

(All amounts are in Rupees millions unless otherwise stated)

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

The group limits its exposure to credit risk by investing only in government securities and only with counterparties that have a credit rating of at least A-1 from S&P and/ or from CRISIL.

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.

12-month and lifetime probabilities of default are based on historical data supplied by S&P for each credit rating and are recalibrated based on current government bond yields. Loss given default (LGD) parameters generally reflect an assumed recovery rate of 40% except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate.

The following table presents an analysis of the credit quality of debt securities at amortised cost, at FVTOCI and FVTPL. It indicates whether assets measured at amortised cost or FVTOCI were subject to a 12 month expected credit loss (ECL) or lifetime ECL allowance and, in the latter case, whether they were credit impaired.

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 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**	**5,102.16**
Transfer to Stage 1	20.22	(18.81)	(1.41)	-
Transfer to Stage 2	(19.70)	22.14	(2.44)	-
Transfer to Stage 3	(23.04)	(234.45)	257.49	-
Net remeasurement of loss allowance	21.25	727.77	2,907.05	3,656.07
New financial assets originated or purchased	1,811.21	-	-	1,811.21
Movement of new originated	-	16.27	5.45	21.73
Transfer - financial assets originated or purchased	(1,085.23)	(327.11)	(270.59)	(1,682.93)
Financial assets that have been derecognised				-
Write offs	-	-	(3,128.66)	(3,128.66)
Loss allowance on 31 March 2024	**2,115.78**	**850.42**	**2,813.42**	**5,779.58**

The contractual amount outstanding on loans and advances measured at amortised cost that were written off during the year ended 31 March 2024 and are still subject to enforcement activity is INR 3,128.66 million (31 March 2023: INR 3,695.87 million)

All restructured accounts has atleast shown 18 months of performance. Considering the same, it is classified as per actual DPD.

(All amounts are in Rupees millions unless otherwise stated)

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 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	**11.91**	**-**	**-**	**11.91**
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	(3.77)	-	-	(3.77)
New financial assets originated or purchased	2.84	-	-	2.84
Financial assets that have been derecognised	(0.96)	-	-	(0.96)
Write offs	-	-	-	-
Loss allowance on 31 March 2024	**10.02**	**-**	**-**	**10.02**

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 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**
New financial assets originated or purchased	0.29	-	-	0.29
Financial assets that have been derecognised	(0.46)	-	-	(0.46)
Loss allowance on 31 March 2024	**(0.17)**	**-**	**-**	**(0.17)**

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	**0.32**	**-**	**-**	**0.32**
Net remeasurement of loss allowance	1.81	-	-	1.81
Loss allowance on 31 March 2023	**2.13**	**-**	**-**	**2.13**
Net remeasurement of loss allowance	0.42	-	-	0.42
Loss allowance on 31 March 2024	**2.55**	**-**	**-**	**2.55**

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 2024	Maximum exposure to credit risk	Land or Building	Fixed Deposits	Total Collateral	Net Exposure	Associated ECLs
Cash and cash equivalents	28,466.62	-	-	-	28,466.62	(1.96)
Other bank balances	1,826.45	-	-	-	1,826.45	(0.59)
Loans and advances	1,82,251.10	75,847.03	1,688.12	77,535.15	1,04,715.95	(5,751.05)
Other financial assets	-	-	-	-	-	-
Total financial assets at amortised cost	**2,12,544.17**	**75,847.03**	**1,688.12**	**77,535.15**	**1,35,009.02**	**(5,753.60)**
Investments in debt securities	36,511.59	-	-	-	36,511.59	(10.02)
Total financial assets at FVTOCI	**36,511.59**	**-**	**-**	**-**	**36,511.59**	**(10.02)**

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	2,774.72	-	-	-	2,774.72	(0.29)
Total financial assets at amortised cost	**1,68,516.55**	**41,219.94**	**2,008.05**	**43,227.99**	**1,25,288.56**	**(5,087.22)**
Investments in debt securities	27,974.40	-	-	-	27,974.40	(11.91)
Total financial assets at FVTOCI	**27,974.40**	**-**	**-**	**-**	**27,974.40**	**(11.91)**
Total financial assets at FVTPL	**-**	**-**	**-**	**-**	**-**	**-**

(All amounts are in Rupees millions unless otherwise stated)

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 2024	Maximum exposure to credit risk	Land or Building	Fixed Deposits	Total Collateral	Net Exposure	Associated ECLs
Loans and advances	4,158.87	756.93	-	756.93	3,401.94	(2,813.41)
Total financial assets at amortised cost	**4,158.87**	**756.93**	**-**	**756.93**	**3,401.94**	**(2,813.41)**

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)**

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 2024	As at 31 March 2023
Carrying amount	1,82,251.10	1,40,572.75
Concentration by sector		
Corporate:		
Wholesale Lending	18,713.44	15,703.51
Retail:	-	
Mortgages	43,933.03	27,525.03
Unsecured lending	1,19,604.63	97,344.21
Total	**1,82,251.10**	**1,40,572.75**
Concentration by location		
India	1,82,251.10	1,40,572.75

Investments	As at 31 March 2024	As at 31 March 2023
Carrying amount	36,511.59	27,974.40
Concentration by sector		
Corporate/ NBFC	3,479.28	2,991.95
Government	33,032.30	24,982.45
Banks	-	-
Mutual funds	-	-
Total	**36,511.58**	**27,974.40**
Concentration by location		
India	36,511.58	27,974.40

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 2024		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	494.51	-	-	-	-	-	-
Borrowings (Other than Debt Securities)	34,904.54	34,904.54	21,461.21	6,402.97	6,818.16	148.16	74.04
Lease liability	2,716.73	3,422.44	347.63	346.71	1,245.06	848.00	635.04
Deposits	1,79,975.81	1,80,460.62	43,099.69	62,855.24	69,981.49	4,078.54	445.66
Subordinated Liabilities	2,098.12	2,104.00	4.00	-	150.00	1,950.00	-
Other financial liabilities	3,825.92	4,441.56	3,288.44	1,024.67	112.94	-	15.51
Issued financial guarantee contracts	-	-					
Issued loan commitments	-	-					
Derivative financial liabilities		-					
Trading		-					
- Outflow		-					
- Inflow		-					
Risk management:		-					
- Outflow		-					
- Inflow		-					
Non-derivative financial assets							
Cash and cash equivalents*	28,464.66	28,463.39	22,491.66	3,481.92	2,295.89	178.87	15.05
Bank balances other than cash and cash equivalents	1,825.86	1,826.45	1,790.29	29.41	2.42	4.33	-
Loans	1,76,500.05	1,81,593.60	57,943.67	34,893.08	54,311.52	9,405.54	25,039.79
Investments	36,501.58	36,794.65	13,095.80	10,651.35	12,005.35	961.27	80.89
Other Financial assets	2,774.43	2,952.83	1,643.79	519.10	375.67	74.85	339.41
Derivative financial assets							
Risk management:							
- Outflow	-	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-	-

Carrying amount includes CRR requirement of INR 5,780.67 million in March 2024

As at 31 March 2023		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	420.11	420.12	420.12	-	-	-	-
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

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 2024			
Financial assets:			
Cash and cash equivalents	28,464.66	-	28,464.66
Bank balance other than above	1,825.86	-	1,825.86
Derivative financial instruments	-	-	-
Loans	1,76,500.05	-	1,76,500.05
Investments	36,501.58	-	36,501.58
Other financial assets	2,774.43	-	
	2,46,066.58	**-**	**2,43,292.15**
Financial liabilities:			
Trade Payables	494.51	-	494.51
Borrowings (other than debt securities)	34,904.54	-	34,904.54
Lease liability	2,716.73	-	2,716.73
Deposits	1,79,975.81	-	1,79,975.81
Subordinated liabilities	2,098.12	-	2,098.12
Other financial liabilities	3,825.92	-	3,825.92
	2,24,015.63	**-**	**2,24,015.63**

	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**

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.

(All amounts are in Rupees millions unless otherwise stated)

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 2024		31 March 2023	
	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.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2024				
USD (1% movement)	-	-	-	-
31 March 2023				
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 2024	31 March 2023
Fixed rate instruments		
Financial assets	2,27,459.41	1,80,602.22
Financial liabilities	2,24,497.55	1,76,465.21
Variable rate instruments		
Financial assets	18,603.00	9,885.10
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 516.23 million (31 March 2023: INR 190.94 million). 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 decrease
31 March 2024				
Variable rate instruments	18,603.00	18,603.00	13,921.00	13,921.00
Cash flow sensitivity (net)	186.03	(186.03)	139.21	(139.21)
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)

D. ***Legal and operational risk***

(i) ***Legal risk***

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

The Bank had engaged the services of a Legal Consultant for addressing legal matters pertaining to the Bank”, including vetting of agreements entered into by the Bank. The Bank also availed the services of Legal firms / Legal Counsels, wherever warranted. The Bank also has a system in place to respond to legal and statutory notices.

There were 13 legal cases pending against the Bank aggregating INR 10.18 million (31 March 2023 : INR 2 million)

The Bank has since appointed Head – Legal in April 2019 and at present Legal Department is functioning with Head-Legal, one AVP (Legal) and three Senior Executive. The Bank also has a team of Officers with legal background in its Retail Assets 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.

(All amounts are in Rupees millions unless otherwise stated)

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 2024	As at 31 March 2023
a. Principal amount due to suppliers under MSMED Act, 2006	107.12	91.02
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	1,098.59	988.49
d. Interest paid to suppliers under MSMED Act (Section 16)	-	-
e. Interest due and payable towards suppliers under MSMED Act for payments already made	15.37	15.75
f. Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	15.37	15.75

46 Details of corporate social responsibility expenditure

Particulars	As at 31 March 2024	As at 31 March 2023
Corporate Social Responsibility expenses for the period*	51.60	32.60
Various Head of expenses included in above:		
Note 29: Other expenses: Contribution towards Corporate Social Responsibilities	51.60	32.60
Gross amount required to be spent by the Group during the year.	51.20	32.20
Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	32.80	32.60
Details of related party transactions (Utkarsh Welfare Foundation)	-	-
Provision for CSR Expenses		
Opening Balance	-	-
Add: Provision created during the period	51.60	32.60
Less: Provision utilised during the period	32.80	32.60
Closing Balance	**18.80**	**-**
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 2024 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 2024	31 March 2023	31 March 2023	31 March 2022	
Subsidiaries						
Utkarsh small finance bank	India	69.06%	84.75%	30.94%	15.25%	Small finance bank
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 Small Finance Bank Ltd.	
	As at 31 March 2024	As at 31 March 2023
Total Assets	2,53,344.09	1,97,073.09
Total Liabilities	2,24,801.18	1,76,811.06
Net Assets	**28,542.91**	**20,262.03**

Summarised statement of profit and loss

Particulars	Utkarsh Welfare Foundation	
	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue from operation	-	-
Profit for the year	-	-
Other Comprehensive income	-	-
Total Comprehensive income	-	-
Total Comprehensive income attributable to non controlling interest	-	-

Particulars	Utkarsh Small Finance Bank Ltd.	
	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue from operation		
Profit for the year	3,283.94	5,524.75
Other Comprehensive income	243.16	(364.30)
Total Comprehensive income	3,527.08	5,160.45
Total Comprehensive income attributable to non controlling interest	924.50	785.64

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-24	29.25%	8,514.69	0.44%	14.45	-0.13%	(0.32)	0.40%	14.13
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-24	98.05%	28,542.91	99.56%	3,283.94	100.13%	243.16	99.60%	3,527.09
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	131.18%	20,262.03	888.03%	5,524.75	99.99%	(200.00)	1261.41%	5,324.75
Utkarsh welfare foundation								
31-Mar-24								
31-Mar-23	0.00%	-	0.00%	-	0.00%	-	0.00%	-
31-Mar-22	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Non-controlling interest								
31-Mar-24	30.51%	8,881.78	26.10%	860.77	26.25%	63.74	26.11%	924.50
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-24	-57.81%	(16,828.52)	-26.10%	(860.80)	-26.24%	(63.73)	-26.11%	(924.54)
31-Mar-23	-53.60%	(11,130.07)	-15.19%	(841.09)	-15.23%	55.46	-15.18%	(785.63)
31-Mar-22	-100.43%	(15,511.97)	-803.95%	(5,001.66)	-13.47%	26.94	-1178.49%	(4,974.72)
Total								
31-Mar-24	100.00%	29,110.86	100.00%	3,298.35	100.00%	242.84	100.00%	3,541.19
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 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**	**53.18**	**23.67**
Additions	261.82	10.57	-
Disposals	-	-	-
Depreciation	**437.31**	**12.66**	**23.68**
Balance as at 31 March 2024	**2,241.32**	**51.09**	**(0.01)**

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 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**
Additions	263.18
Adjustment on account on rent concession	
Finance cost accrued during the period	252.63
Payment of lease liabilities	(710.06)
Balance as at 31 March 2024	**2,716.73**

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2024 on an undiscounted basis:

Particulars	As at 31 March 2024	As at 31 March 2023
Less than one year	694.35	686.98
One to five years	2,093.07	2,526.46
More than five years	635.04	486.07

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 9.57 million for the year ended 31 March 2024 (31 March 2023: INR 15.20 million).

(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**	1,74,106.68	2,087.68	1,72,018.99	2,364.38	(276.70)
	Stage 2	3,490.85	850.42	2,640.44	-	850.42
	Stage 3					
Subtotal		**1,77,597.53**	**2,938.10**	**1,74,659.43**	**2,364.38**	**573.72**
Non-Performing Assets (NPA)						
Substandard	**Stage 3**	3,803.30	2,299.00	1,504.31	1,922.00	377.00
		-	-		-	
Doubtful - upto 1 year	**Stage 3**	678.64	410.22	268.42	569.00	(158.78)
1 - 3 years	**Stage 3**	171.61	103.73	67.88	154.00	(50.27)
more than 3	**Stage 3**			-		-
Subtotal for Doubtful		**850.26**	**513.96**	**336.30**	**723.00**	**(209.04)**
Loss	**Stage 3**	-	-	-	-	-
		-	-			
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered	**Stage 1**	3,665.90	28.55	3,637.35	-	28.55
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**3,665.90**	**28.55**	**3,637.35**	**-**	**28.55**
Total	**Stage 1**	**1,77,772.58**	**2,116.23**	**1,75,656.35**	**2,364.38**	**(248.15)**
	Stage 2	**3,490.85**	**850.42**	**2,640.44**	**-**	**850.42**
	Stage 3	**4,653.56**	**3,046.49**	**1,773.70**	**2,883.42**	**163.07**
	Total	**1,85,916.99**	**6,013.14**	**1,80,070.48**	**5,247.80**	**765.34**

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	**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**

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 2024.

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.

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

MANISH KANKANI Digitally signed by MANISH KANKANI Date: 2024.08.07 15:54:20 +05'30'

Manish Kankani
Partner
Membership No: 158020

Place: Mumbai
Date: August 07, 2024

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

SUMAN SAURABH Digitally signed by SUMAN SAURABH Date: 2024.08.07 13:05:29 +05'30'

Suman Saurabh
Managing Director and CEO
DIN: 07132387

G S SUNDARARAJAN Digitally signed by G S SUNDARARAJAN Date: 2024.08.07 15:12:57 +05'30'

G.S. Sundararajan*
Chairperson
DIN: 00361030

NEERAJ KUMAR TIWARI Digitally signed by NEERAJ KUMAR TIWARI Date: 2024.08.07 13:12:17 +05'30'

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

HARSHIT AGRAWAL Digitally signed by HARSHIT AGRAWAL Date: 2024.08.07 13:09:05 +05'30'

Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Varanasi & Chennai*
Date: August 07, 2024

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 subsidiary Utkarsh Small Finance Bank Limited (‘the Bank or ‘SFB’) 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.

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. Material 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, 2024 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 August 07, 2024.

Subsidiary considered in the consolidated financial statements

Name of the Subsidiary	Country of incorporation	Percentage of holding	
		31 March 2024	31 March 2023
Utkarsh Small Finance Bank Limited	India	69.06%	84.75%

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

Subsidiary 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. Subsidiary 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 subsidiary 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.

n. Recent Accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

MANISH KANKANI Digitally signed by MANISH KANKANI Date: 2024.08.07 15:54:48 +05'30'

SUMAN SAURABH Digitally signed by SUMAN SAURABH Date: 2024.08.07 13:06:09 +05'30'

CEO & CFO
CERTIFICATE

CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, Suman Saurabh, 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, 2024 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) I. Significant changes in internal control over financial reporting during the year;

   (ii) ii. Significant changes in accounting policies during the year and the same have been disclosed in the Notes of the financial statements; and

   (iii) 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).

Sd/-
Suman Saurabh
Managing Director & CEO

Sd/-
Harshit Agrawal
Chief Financial Officer

ANNUAL CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT OF FINANCIAL YEAR 2023-24

1 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 and Responsibility of the Board and its 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 2023-24

The Board of the Company had approved for a CSR Expenditure of ₹4,00,000 (Rupees Four Lakh only) for FY2023-24, 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.

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT FOR FY 2023-24

2 Brief outline on CSR policy of the Company: Forming Part of Agenda Item No. VIII.

3 Composition of CSR Committee:

Sl. 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. Atul	Independent Director, Chairperson	-	-
3	Mr. Aditya Deepak Parekh	Nominee Director	1	1
4	Mr. T. K. Ramesh Ramanathan*	Nominee Director	1	1

***Resigned from the Committee w.e.f March 13, 2024.**

4 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

5 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.

6 Average net profit

(a) Average net profit of the company as per sub-section (5) of section 135: **₹1,51,37,936**
(b) Two percent of average net profit of the company as per sub-section (5) of section 135: **₹3,02,759**
(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)]: ₹3,02,759**

7 Amount Spent

(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **₹3,99,657**
(b) Amount spent in Administrative Overheads: **₹343**
(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 2023-24 (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/-	-	-	-	-	-

(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	3,02,759
ii.	Total amount spent for financial year	4,00,000
iii.	Excess amount spent for the Financial Year [(ii)-(I)]	97,241
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous FY 2023-24	-
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil

The Board had approved CSR contribution of **₹4,00,000 (upper rounded off) against the CSR obligation of **₹3,02,759** for FY24 and hence, the company does not intend to set-off the excess CSR contribution spent during FY24 in future.*

8 Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
Sl.	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-1	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	FY-2	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.	FY-3	Nil	Nil	Nil	Nil	Nil	Nil	Nil

9 Whether any capital assets have been created or acquired through Corpora 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:

Sl. 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
NA							

(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)

10 Specify the reason(s), if the company has failed to spend two per cent 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/-
Managing Director & CEO

Sd/-
Chairperson, CSR Committee

INSTITUTIONAL INVESTORS

AVISHKAAR BHARAT FUND

Aavishkaar Bharat Fund, an alternative investment fund registered with the Securities and Exchange Board of India, is an India-focused equityoriented fund with an objective to invest in enterprises serving large market segments with a special emphasis on the under-served demographic segments.

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.

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.

BRITISH INTERNATIONAL INVESTMENT(BII)

British International Investment (BII), erstwhile CDC Group Plc, is the UK's development finance institution and impact investor with a mission to help solve the biggest global development challenges by investing patient, flexible capital to support private sector growth and innovation. BII invests to create more productive, sustainable and inclusive economies in Africa, Asia and the Caribbean, enabling people in those countries to build better lives for themselves and their communities.

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 manages capital across funds. Their track record and long-term approach, build trusted partnerships with investors and exceptional companies.

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 fiscal year 2001 and has consistently been amongst the top players in the Indian life insurance sector. ICICI Prudential Life is also the first insurance company in India to be listed on NSE and BSE.

NORWEGIAN MICROFINANCE INITIATIVE (NMI FRONTIER FUND KS)

NMI invests in and builds up MFIs in developing countries through equity and loan investments. NMI primarily targets poor women in SubSahara Africa, South Asia and Southeast Asia. NMI targets double bottom line results and thereby contributes to the empowerment of poor people in developing countries and to the creation of jobs and wealth on a sustainable basis.

LOK CAPITAL GROWTH FUND

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.

TRIODOS MICROFINANCE FUND (TMF)

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.

INTERNATIONAL FINANCE CORPORATION (IFC)

IFC a member of the World Bank Group - is the largest global development institution focused exclusively on the private sector.

RESPONSABILITY PARTICIPATIONS MAURITIUS (RAPM)

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 that 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 with a track record of more than two decades of specializing in impact investing.

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)

"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 the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for coordination of the functions of the institutions engaged in similar activities. The role of SIDBI is to facilitate and strengthen credit flow to MSMEs and address both financial and developmental gaps in the MSME eco-system."

HDFC ERGO GENERAL INSURANCE COMPANY LIMITED

HDFC ERGO General Insurance Company Limited ("HDFC ERGO" or the "Company") 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 and into HDFC Bank Limited, one of India's leading private sector bank (Bank), the Company has become a subsidiary of the Bank.

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.

HDFC LIFE INSURANCE COMPANY LIMITED

Established in 2000, HDFC Life Insurance Company Limited ('HDFC Life'/ 'Company') 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.

HDFC Life was promoted by erstwhile Housing Development Finance Corporation Limited (HDFC Ltd.), and Abrdn (Mauritius Holdings) 2006 Limited (abrdn) (formerly Standard Life (Mauritius Holdings) 2006 Limited), a global investment company. Consequent to implementation of the Scheme of Amalgamation of HDFC Ltd. with HDFC Bank, India's leading private sector bank ("Bank"), the Bank has become promoter of the Company, in place of HDFC Ltd, effective from July 1, 2023. Further, consequent to reclassification of abrdn from "Promoter" category to "Public" category in accordance with Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, HDFC Bank has become sole promoter of the Company, effective December 12, 2023.The name/letter 'HDFC' in the name/logo of HDFC Life Insurance Company Limited (HDFC Life) belongs to HDFC Bank Limited.

HDFC Life has a nation-wide presence with its own branches and additional distribution touch-points through several 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.

SHRIRAM LIFE INSURANCE COMPANY LIMITED

Shriram Life Insurance Company Ltd.; jointly promoted by Shriram Capital Ltd. and South Africa-based financial services group Sanlam Ltd.; is a leading insurer having built its operations over 18 years by catering to a wide demographic and providing the average Indian with a bouquet of life insurance products catering to their financial needs. The company works with the purpose of ensuring that all families in the community are provided with adequate financial protection especially in the vulnerable segment.

Shriram Life Insurance offers comprehensive protection and long-term savings life insurance solutions, focused on people at the bottom of the socio-economic pyramid, with close to 40% of insurance beneficiaries being from rural markets. It has a network of 403 branch offices across India. Shriram Life Insurance underwrote gross premium of over INR 3,500 crore in FY24, recording Assets Under Management (AUM) exceeding INR 11,280 crore.

The average ticket size of the company for individual policies stands at around ₹20,000. The company's protection and long-term savings plans help it give working-class families comprehensive life cover besides offering stable investment solutions for their key life goals. The company has an in-force policyholder base of over 10 lakh. With a claims settlement ratio crossing 98% in FY 24; the company has been true to its purpose of providing security to the community.

PATNI
FAMILY
TRUST

PATNI FAMILY TRUST

"Patni Family trusts are part of Patni Family office. The Patni Family Office invests in a wide range of asset classes such as equity, debt, real estate, commodities, joint ventures and other financial structures. The Patni Group is a pioneer in computer hardware and software in India. The flagship company, Patni Computers, was founded in 1978 and went public in the year 2004. It was sold in the year 2011."

RBL BANK LIMITED

RBL Bank is one of the fastest growing private sector banks in India, with an expanding presence across the country. The Bank offers specialized services under five (5) business verticals viz. Corporate Banking, Commercial Banking, Branch Banking & Retail Liabilities, Retail Assets and Treasury & Financial Markets Operations. It serves a large customer base across India through an extensive network of branches and BC partners. Over the last few years, RBL Bank has earned recognition in various national and international forums and has been recognized by the World Economic Forum as a 'Global Growth Company' (GGC). RBL Bank is listed on both NSE and BSE (RBLBANK).

REGISTERED & CORPORATE OFFICE :

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