



UTKARSH SMALL FINANCE BANK LIMITED

Our Bank was incorporated as 'Utkarsh Small Finance Bank Limited' on April 30, 2016 at Varanasi, Uttar Pradesh as a public limited company under the Companies Act, 2013 and was granted a certificate of incorporation by the Registrar of Companies, Central Registration Centre. Our Promoter, Utkarsh CoreInvest Limited (formerly known as Utkarsh Micro Finance Limited), was granted an in-principle approval to establish a small finance bank ("SFB"), by the RBI, pursuant to its letter dated October 7, 2015. Subsequently, our Bank received the final approval of the RBI to carry on the business as an SFB on November 25, 2016. Our Bank commenced its business operations on January 23, 2017 and was included in the second schedule to the RBI Act pursuant to a notification issued by the RBI dated October 4, 2017 and published in the Gazette of India (Part III - Section 4) dated November 7, 2017. For further details, see "History and Certain Corporate Matters" beginning on page 164 of the Draft Red Herring Prospectus.

Registered and Corporate Office: S-24/1-2, First Floor, Mahavir Nagar, Orderly Bazar, Varanasi, 221 002, Uttar Pradesh, India; **Tel:** +91 542 250 0596

Contact Person: Ms. Nutan Rane, Company Secretary and Compliance Officer; **Tel:** +91 22 6872 9552

E-mail: shareholders@utkarsh.bank; **Website:** www.utkarsh.bank

Corporate Identity Number: U65992UP2016PLC082804

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED MARCH 4, 2021 - NOTICE TO INVESTORS (THE "ADDENDUM")

INITIAL PUBLIC OFFER OF UP TO [•] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF UTKARSH SMALL FINANCE BANK LIMITED (OUR "BANK") FOR CASH AT A PRICE OF ₹[•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[•] PER EQUITY SHARE) AGGREGATING UP TO ₹13,500 MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [•] EQUITY SHARES AGGREGATING UP TO ₹7,500 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [•] EQUITY SHARES BY UTKARSH COREINVEST LIMITED ("PROMOTER SELLING SHAREHOLDER", AND SUCH EQUITY SHARES THE "OFFERED SHARES") AGGREGATING UP TO ₹6,000 MILLION (THE "OFFER FOR SALE"). THE OFFER INCLUDES A RESERVATION OF UP TO [•] EQUITY SHARES, AGGREGATING UP TO ₹[•] (CONSTITUTING UP TO [•]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL), FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER SHALL CONSTITUTE [•]% AND [•]%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR BANK.

Potential investors may note the following:

- The Draft Red Herring Prospectus currently includes details of the Restated Financial Statements as at and for the six months ended September 30, 2020 and financial years ended March 31, 2020, 2019 and 2018. Currently the Restated Financial Statements included in the Draft Red Herring Prospectus comprise the preliminary impact of COVID-19 on the financials of the Bank for a six month period only and therefore the section titled "Financial Statements" beginning on page 225 of the Draft Red Herring Prospectus has been updated to include the restated financial statements of the Bank as of and for the full financial year, being March 31, 2021, which takes into account the impact of COVID-19 for the full financial year.
- The Draft Red Herring Prospectus currently includes certain financial measures and certain other statistical information relating to Bank's operations and financial performance for the six months ended September 30, 2020 and financial years ended March 31, 2020, 2019 and 2018 depicting the preliminary impact of COVID-19 on the operations and financial performance of the Bank for a six month period only and therefore the section titled "Selected Statistical Information" beginning on page 199 of the Draft Red Herring Prospectus has been updated to provide the impact of COVID-19 on the operations and financial performance of the Bank as at and for the full financial year ending on March 31, 2021.
- In light of the above, the section titled "Our Business" beginning on page 125 of the Draft Red Herring Prospectus, has been updated to reflect the updates pertaining to the operational and financial performance of the Bank for the subsequent periods up to June 30, 2021.
- The Draft Red Herring Prospectus currently states that under the terms of the Investment Agreement, the Bank shall, prior to the filing of the Red Herring Prospectus with the RoC, allot 37,037,037, 13,444,444, 12,962,962, 8,539,068, 8,539,068, and 8,539,068 Equity Shares to Olympus ACF Pte. Ltd., responsAbility Participations Mauritius, Aavishkaar Bharat Fund, Triodos Sicav II - Triodos Microfinance Fund, Legal Owner Triodos Funds B.V. (in its capacity as legal owner of Triodos Fair Share Fund) and Growth Catalyst Partners LLC, respectively, aggregating to ₹ 2,404.66 million. As a result of completion of the allotment, on a private placement basis, of Equity Shares on March 8, 2021, the paid-up share capital of the Bank has changed from 759,272,222 Equity Shares aggregating to ₹7,592,722,220, as disclosed in the DRHP, to 848,333,869 Equity Shares aggregating to ₹8,483,338,690 and therefore the section titled "Capital Structure" has been updated in this Addendum.

Potential Bidders may note that in order to assist the Bidders to get an understanding of the updated information, the relevant portions of the sections titled "Our Business" and "Capital Structure" and the sections titled "Selected Statistical Information" and "Financial Statements" of the Draft Red Herring Prospectus have been included in this Addendum. The above changes are to be read in conjunction with the Draft Red Herring Prospectus and accordingly their references in the Draft Red Herring Prospectus stand amended pursuant to this Addendum. The information in this Addendum supplements the Draft Red Herring Prospectus and updates the information in the Draft Red Herring Prospectus, as applicable. Please note that the information included in the Draft Red Herring Prospectus will be suitably updated, including to the extent stated in this Addendum, as may be applicable in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchanges. Investors should read the Red Herring Prospectus as and when filed with the RoC, the SEBI and the Stock Exchanges before making an investment decision in the Offer. All capitalised terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus. The Equity Shares offered in the Offer have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Addendum as in transactions exempt from the registration requirements of the U.S. Securities Act and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

On behalf of Utkarsh Small Finance Bank Limited

Place: Varanasi
Date: July 6, 2021

Sd/-
Ms. Nutan Rane
Company Secretary and Compliance Officer

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER	
ICICI Securities Limited ICICI Centre, H.T. Parekh Marg Churchgate, Mumbai 400 020 Maharashtra, India Tel: +91 22 2288 2460 E-mail: utkarsh.ipo@icicisecurities.com Website: www.icicisecurities.com Investor grievance e-mail: customercare@icicisecurities.com Contact person: Shekher Asnani / Anurag Byas SEBI registration no.: INM00001179	IIFL Securities Limited 10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (West), Mumbai 400 013 Maharashtra, India Tel: +91 22 4646 4600 E-mail: utkarsh.ipo@iiflcap.com Website: www.iiflcap.com Investor grievance e-mail: ig.ib@iiflcap.com Contact person: Pinak Bhattacharyya/ Keyur Ladhawala SEBI registration no.: INM000010940	Kotak Mahindra Capital Company Limited 1 st Floor, 27 BKC, Plot No. 27, 'G' Block Bandra Kurla Complex, Bandra (East) Mumbai 400 051 Maharashtra, India Tel: +91 22 4336 0000 E-mail: utkarshsfb.ipo@kotak.com Website: www.investmentbank.kotak.com Investor grievance e-mail: kmccredressal@kotak.com Contact person: Ganesh Rane SEBI registration no.: INM000008704	KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) Selenium, Tower-B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Hyderabad, Rangareddi 500 032, Telangana, India Tel: +91 40 6716 2222 / 1800 345 4001 E-mail: utkarsh.ipo@kfintech.com Investor grievance e-mail: einward.ris@kfintech.com Website: www.kfintech.com Contact person: M. Murali Krishna SEBI registration number: INR000000221
BID/OFFER PERIOD			
BID/OFFER OPENS ON*		BID/OFFER CLOSES ON**	
[•]		[•]	

* Our Bank and our Promoter Selling Shareholder may, in consultation with the BRLMs, consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.

** Our Bank and our Promoter Selling Shareholder may, in consultation with the BRLMs, decide to close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date.

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CAPITAL STRUCTURE

The share capital of our Bank, as on the date of this Addendum, is set forth below:

Particulars	Aggregate nominal value	Aggregate value at Offer Price [§]
<i>(in ₹, except share data)</i>		
A) AUTHORIZED SHARE CAPITAL[*]		
1,300,000,000 Equity Shares	13,000,000,000	[•]
200,000,000 Preference Shares	2,000,000,000	[•]
Total	15,000,000,000	
B) ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER		
848,333,869 Equity Shares	8,483,338,690	[•]
C) OFFER		
Offer of [•] Equity Shares aggregating ₹13,500 million	[•]	[•]
<i>Of which:</i>		
Fresh Issue of [•] Equity Shares aggregating up to ₹7,500 million [#]	[•]	[•]
Offer for Sale of up to [•] Equity Shares aggregating ₹6,000 million ^{##}	[•]	[•]
<i>which includes</i>		
Employee Reservation Portion [%]	[•]	[•]
D) ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER		
[•] Equity Shares	[•]	[•]
E) SECURITIES PREMIUM ACCOUNT		
Before the Offer		1,857,545,189
After the Offer		[•]

[•]Our Bank, in consultation with the BRLMs, may consider a Pre-IPO Placement aggregating up to ₹2,500 million. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the minimum Offer size constituting at least [•] % of the post-Offer paid-up equity share capital of our Bank.

[§]To be updated upon finalisation of the Offer Price.

^{*}For details in relation to changes in the authorized share capital of our Bank, see "History and Certain Corporate Matters – Amendments to the Memorandum of Association" on page 165 of the Draft Red Herring Prospectus.

[#]The Offer has been authorized by our Board pursuant to its resolution dated February 16, 2021 and by a special resolution of our Shareholders adopted at the meeting held on March 3, 2021.

^{##}Our Promoter Selling Shareholder has authorized the sale of the Offered Shares by way of its board resolutions dated February 15, 2021 and February 22, 2021 and consent letter dated March 3, 2021.

[%]The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital. For details, see "Offer Structure", on page 374 of the Draft Red Herring Prospectus.

Notes to Capital Structure

1. Share Capital History of our Bank

(a) Equity share capital

The following table sets forth the history of the equity share capital of our Bank.

Date of allotment	Name(s) of allottee(s)	Reason / nature of allotment	No. of Equity Shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration
April 30, 2016	44,000 Equity Shares to Mr. Govind Singh, 1,000 Equity Shares each to Ms. Revati Govind Singh, Mr. Trilok Nath Shukla, Mr. Ashwani Kumar, Mr. Abhisheka Kumar, Mr. Raghvendra Singh and UCL.	Initial subscription to the Memorandum of Association	50,000	10	10	Cash
October 7, 2016	UCL	Private placement	99,950,000	10	10	Cash

Date of allotment	Name(s) of allottee(s)	Reason / nature of allotment	No. of Equity Shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration
January 20, 2017	UCL	Private placement	200,050,000	10	10	Cash
September 21, 2017	UCL	Conversion of CCDs into Equity Shares*	120,000,000	10	-^	Cash
March 26, 2018	49,994,406 Equity Shares to UCL, 5,237 Equity Shares to Mr. Govind Singh, 119 Equity Shares each to Trilok Nath Shukla, Ashwani Kumar and Raghvendra Singh.	Rights issue	50,000,000	10	10	Cash
June 13, 2018	UCL	Conversion of CCDs into Equity Shares*	267,000,000	10	-^	Cash
September 18, 2019	UCL	Rights issue	22,222,222	10	27	Cash
March 8, 2021	37,037,037 Equity Shares to Olympus ACF Pte. Ltd., 13,444,444 Equity Shares to responsAbility Participations Mauritius, 12,962,962 Equity Shares to Aavishkaar Bharat Fund, 8,539,068 Equity Shares each to Triodos Sicav II - Triodos Microfinance Fund, Legal Owner Triodos Funds B.V. (in its capacity as legal owner of Triodos Fair Share Fund) and Growth Catalyst Partners LLC	Private placement	89,061,647	10	27	Cash

*As per the terms of the issuance of the CCDs, each CCD was convertible into one Equity Share.

^The CCDs were issued to our Promoter at a face value of ₹10 per CCD.

(g) Issue of Equity Shares at a price lower than the Offer Price

Except as disclosed below, our Bank has not issued any Equity Shares in the last one year immediately preceding the date of this Addendum at a price which may be lower than the Offer Price:

Date of allotment	Name(s) of allottee(s)	Reason / nature of allotment	No. of Equity Shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration
March 8, 2021	Olympus ACF Pte. Ltd., responsAbility Participations Mauritius, Aavishkaar Bharat Fund, Triodos Sicav II - Triodos Microfinance Fund, Legal Owner Triodos Funds B.V. (in its capacity as legal owner of Triodos Fair Share Fund) and Growth Catalyst Partners LLC	Private placement	89,061,647	10	27	Cash

2. **History of the Equity Share capital held by our Promoter**

Our Promoter, UCL, along with its nominees, holds 759,272,222 Equity Shares, constituting 89.50% of the issued, subscribed and paid-up Equity Share capital of our Bank.

The details regarding the equity shareholding of our Promoter, since incorporation of our Bank, are set forth in the table below:

(a) **Build-up of our Promoter's shareholding in our Bank**

Date of allotment / Transfer	Nature of acquisition / transfer	No. of Equity Shares	Nature of consideration	Face value per equity share (₹)	Issue / purchase price per equity share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
April 30, 2016	Initial subscription to the Memorandum of Association	1,000	Cash	10	10	0.00	[•]
October 7, 2016	Private placement	99,950,000	Cash	10	10	11.78	[•]
January 20, 2017	Private placement	200,050,000	Cash	10	10	23.58	[•]
September 21, 2017	Conversion of CCDs into Equity Shares	120,000,000	Cash	10	-^	14.15	[•]
March 26, 2018	Rights issue	49,994,406	Cash	10	10	5.89	[•]
June 13, 2018	Conversion of CCDs into Equity Shares	267,000,000	Cash	10	-^	31.47	[•]
August 29, 2019	Transfer of 49,237 Equity Shares from Mr. Govind Singh, 1,000 Equity Shares from Ms. Revati Govind Singh and 1,119 Equity Shares each from Mr. Trilok Nath Shukla, Mr. Ashwani Kumar and Mr. Raghvendra Singh	53,594	Cash	10	27	0.01	[•]
September 18, 2019	Rights issue	22,222,222	Cash	10	27	2.62	[•]
October 10, 2019	Transfer of one Equity Share each to Mr. Govind Singh, Ms. Revati Govind Singh, Mr. Trilok Nath Shukla, Mr. Ashwani Kumar and Mr. Raghvendra Singh.	(5)*	-	10	Nil	0.00	[•]
November 23, 2020	Transfer of legal ownership by Mr. Abhisheka Kumar	999&	-	10	Nil	0.00	[•]
Total		759,272,222[§]				89.50	[•]

*Held as nominee shareholders of our Promoter

^The CCDs were issued to our Promoter at a face value of ₹10 per CCD.

&Pursuant to the resolution passed by UCL on August 29, 2019 and October 11, 2019, the beneficial ownership of 1,000 Equity Shares was transferred by Mr. Abhisheka Kumar to UCL for a purchase consideration of ₹ 27 per Equity Share on October 11, 2019. Subsequently, Mr. Abhisheka Kumar was designated as a nominee shareholder of UCL, holding 1,000 Equity Shares. On November 23, 2020, Mr. Abhisheka Kumar transferred the legal ownership of 999 Equity Shares to our Promoter, and one Equity Share to Mr. Rahul Dey who was designated as a nominee shareholder of UCL on November 27, 2020.

§Includes one Equity Share each held by Mr. Govind Singh, Ms. Revati Govind Singh, Mr. Trilok Nath Shukla, Mr. Ashwani Kumar, Mr. Rahul Dey and Mr. Raghvendra Singh, as nominees on behalf of our Promoter, who is the beneficial owner of such Equity Shares.

All the Equity Shares were fully paid-up on the respective dates of allotment or acquisition of such Equity Shares, as the case may be.

(b) **Equity shareholding of our Promoter, directors of our Promoter and our Promoter Group**

Our Promoter, along with its nominees holds 759,272,222 Equity Shares, constituting 89.50% of the issued, subscribed and paid-up Equity Share capital of our Bank.

Except for one Equity Share held by Mr. Ashwani Kumar as a nominee of our Promoter, none of the directors of our Promoter hold any Equity Shares.

Other than our Promoter, members of our Promoter Group do not hold any Equity Shares.

5. ***Our shareholding pattern***

Set forth below is the shareholding pattern of our Bank as on the date of this Addendum.

Category (I)	Category of the Shareholder (II)	No. of Shareholders (III)	No. of fully paid up equity shares held (IV)	No. of partly paid-up Equity Shares held (V)	No. of Equity Shares underlying Depository receipts (VI)	Total No. Equity Shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	No. of Voting Rights held in each class of securities (IX)			No. of Equity Shares underlying outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a % of diluted share capital (XI)=(VII)+(X) as a % of (A+B+C2))	Number of locked in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
								No. of voting rights (X)	Total as a % of total voting rights	Class: Equity Shares			No. (a)	As a % of total Equity Shares held (b)	No. (a)	As a % of total Equity Shares held (b)	
(A)	Promoter & Promoter Group	7*	759,272,222*	-	-	759,272,222*	89.50	759,272,222	759,272,222	89.50	-	89.50	-	-	-	-	759,272,222*
(B)	Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)	Non Promoter-Non Public	6	89,061,647	-	-	89,061,647	10.50	89,061,647	89,061,647	10.50	-	10.50	-	-	-	-	89,061,647
(1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Shares held by employee trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	13	848,333,869	-	-	848,333,869	100	848,333,869	848,333,869	100	-	100	-	-	-	-	848,333,869

*759,272,222 Equity Shares are held by our Promoter inclusive of one Equity Share each is held by Mr. Govind Singh, Ms. Revati Govind Singh, Mr. Trilok Nath Shukla, Mr. Ashwani Kumar, Mr. Rahul Dey and Mr. Raghvendra Singh., as nominees on behalf of our Promoter, who is the beneficial owner of such Equity Shares.

#Pursuant to the Banking Regulation Act, 1949 read with the gazette notification dated September 17, 2016 (page no. 516, Part III – Section 4) comprising reference to RBI communication dated July 21, 2016, no shareholder can exercise voting rights in excess of 26% of the total share capital of a bank.

6. As on the date of this Addendum, our Bank has 13 Shareholders.

9. ***Details of equity shareholding of the major Shareholders of our Bank***

(a) Set forth below are details of our Shareholders holding 1% or more of the paid-up share capital of our Bank as on date of this Addendum:

Sr. No.	Shareholder	Number of Equity Shares	Percentage of equity share capital held (%)
1.	UCL	759,272,222*	89.50
2.	Olympus ACF Pte. Ltd.	37,037,037	4.36
3.	responsAbility Participations Mauritius	13,444,444	1.58
4.	Aavishkaar Bharat Fund	12,962,962	1.53
5.	Triodos Sicav II - Triodos Microfinance Fund	8,539,068	1.01
6.	Legal Owner Triodos Funds B.V. (in its capacity as legal owner of Triodos Fair Share Fund)	8,539,068	1.01
7.	Growth Catalyst Partners LLC	8,539,068	1.01
	Total	848,333,869	100

**Includes one Equity Share each held by Mr. Govind Singh, Ms. Revati Govind Singh, Mr. Trilok Nath Shukla, Mr. Ashwani Kumar, Mr. Rahul Dey and Mr. Raghvendra Singh., as nominees on behalf of our Promoter, who is the beneficial owner of such Equity Shares.*

(b) Set forth below are details of our Shareholders holding 1% or more of the paid-up share capital of our Bank as of 10 days prior to the date of this Addendum:

Sr. No.	Shareholder	Number of Equity Shares	Percentage of Equity Share Capital held (%)
1.	UCL	759,272,222*	89.50
2.	Olympus ACF Pte. Ltd.	37,037,037	4.36
3.	responsAbility Participations Mauritius	13,444,444	1.58
4.	Aavishkaar Bharat Fund	12,962,962	1.53
5.	Triodos Sicav II - Triodos Microfinance Fund	8,539,068	1.01
6.	Legal Owner Triodos Funds B.V. (in its capacity as legal owner of Triodos Fair Share Fund)	8,539,068	1.01
7.	Growth Catalyst Partners LLC	8,539,068	1.01
	Total	848,333,869	100

**Includes one Equity Share each held by Mr. Govind Singh, Ms. Revati Govind Singh, Mr. Trilok Nath Shukla, Mr. Ashwani Kumar, Mr. Rahul Dey and Mr. Raghvendra Singh., as nominees on behalf of our Promoter, who is the beneficial owner of such Equity Shares.*

18. Except for issuance of a) Equity Shares pursuant to the Pre-IPO Placement; and b) Equity Shares pursuant to exercise of options granted under the MD & CEO ESOP Plan and the ESOP Plan 2020 (including the ESOP Scheme 1 framed thereunder), as applicable, there will be no further issuance of Equity Shares whether by way of an issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.

OUR BUSINESS

Further developments on account of COVID-19

The second week of April 2021 saw a resurgence in COVID-19 with a second wave of infections spreading across the country. Considering the resurgence of COVID-19, our Bank again implemented its Business Continuity Plan (“BCP”) and recommenced review calls with the Crisis Management Team (“CMT”) chaired by our Managing Director and chief executive officer, Mr. Govind Singh in April 2021. The CMT undertakes BCP review to discuss and undertake necessary preventive measures. Some of the measures implemented by the Bank include employees reporting to office as per a staggered schedule to ensure COVID-19 appropriate behavior and encouraging employees to work-from-home wherever feasible.

Since the beginning of April 2021, we have taken various measures to efficiently manage and operate our Banking Outlets with reduced manpower and manage other channels such as ATMs, internet banking, mobile banking and call centres. Our Banking Outlets continued to operate in all states except in few states and districts where Banking Outlets remained closed or were operating with curtailed business hours in line with directives from the local administration and State Level Bankers’ Committee. We have also set up a virtual war room to call our microbanking customers on a daily basis. Our Central Processing Centres at Mumbai and Varanasi continued its daily operations with staff being rostered daily to ensure timely settlement of all transactions. We have focused on providing effective banking services to our customers without compromising the health of our employees. Customers too have been encouraged to adopt digital channels in greater measure to mitigate the risk of COVID-19.

Our business operations across India were severely affected during the first quarter of Fiscal 2022. Our collections and disbursements were significantly impacted on account the second wave. The RBI issued directive DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 with the objective of alleviating potential stress to individual borrowers and small businesses impacted due to resurgence of COVID-19 and permitted restructuring of existing loans as per norms. We have implemented a Board approved policy to restructure loans for segments eligible and assist customers in need of additional time to repay loans.

The Bank is maintaining adequate liquidity buffer to meet its funding requirements over the next three months. Bank’s liquidity coverage ratio was 166.20% as of March 31, 2021.

Advances

As of March 31, 2021, the Bank’s Gross Loan Portfolio was ₹ 84,156.60 million.

The table below sets forth the Bank’s Gross Loan Portfolio by product/ channel as of March 31, 2019, 2020 and 2021:

Product / Channel	As of March 31,					
	2019		2020		2021	
	(₹ million)	% of total	(₹ million)	% of total	(₹ million)	% of total
Microbanking Loans	40,769.93	85.98%	58,558.04	87.92%	68,993.84	81.98%
Housing Loans	382.00	0.81%	854.91	1.28%	2,195.85	2.61%
Retail Assets (MSME)	1,649.31	3.48%	2,461.39	3.70%	5,311.36	6.31%
Wholesale Lending	2,725.47	5.75%	3,095.05	4.65%	5,031.09	5.98%
BC	609.87	1.29%	1,233.46	1.85%	1,947.11	2.32%
CV / CE	-	-	-	-	127.82	0.15%
Others*	1,278.92	2.69%	397.14	0.60%	549.53	0.65%
Gross Loan Portfolio	47,415.50	100.00%	66,599.99	100.00%	84,156.60	100.00%

Notes:

* Others includes staff loans and overdrafts against deposits.

Our gross NPA was 3.75% as of March 31, 2021 while net NPA was 1.33% as of March 31, 2021. As of March 31, 2021, our provision coverage ratio was 65.49%.

Our Bank made provision of ₹ 2,595.12 million during Fiscal 2021 towards NPAs, write offs, restructured advances as well as additional COVID-19 related provisions. As of March 31, 2021, our Bank was carrying provisions for NPAs of ₹ 1,988.02 million, floating provision ₹ 76.69 million, provision for restructured advances amounting to ₹ 526.48 million and additional provision for COVID-19 impact of ₹ 501.32 million.

Collection Efficiency

The following table sets forth information relating to our collection efficiencies for the months ended October 31, 2020 through June 30, 2021:

Asset Products/Channels	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021
Microbanking Loans	85.61%	87.43%	90.49%	93.34%	95.61%	97.47%	92.15%	75.96%	87.60%
Retail Loans	93.53%	92.05%	95.88%	94.90%	96.94%	99.03%	86.55%	84.28%	89.37%
Housing Loan	95.55%	96.57%	97.59%	99.22%	100.40%	97.21%	90.48%	93.42%	96.97%
Wholesale Loan	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
BC	86.51%	85.68%	94.71%	91.90%	92.23%	94.38%	81.57%	70.21%	86.54%
CV and CE	-	-	100.00%	100.00%	100.00%	100.00%	97.11%	90.91%	80.61%
Total	86.39%	88.10%	91.14%	93.66%	95.78%	97.55%	92.15%	77.30%	88.33%

Notes:

- Collection efficiency is calculated as the aggregate EMI amounts collected (excluding prepayment) in the relevant period divided by the current month EMI due for collection.
- Our Bank made first disbursement towards CV and CE segment in the month of October 2020 and accordingly, collection efficiency for CV and CE segment is only applicable from December 2020.

The table below sets forth details of our state wise collection efficiency for the months ended October 31, 2020 through June 30, 2021 for our microbanking portfolio:

State	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021
Bihar	82.35%	83.61%	88.00%	91.70%	94.96%	96.58%	92.63%	73.30%	84.58%
Uttar Pradesh	87.29%	89.74%	91.88%	94.33%	96.24%	98.49%	93.20%	78.84%	90.21%
Jharkhand	85.23%	88.73%	92.30%	95.22%	96.75%	99.30%	93.77%	75.54%	87.45%
Odisha	91.17%	95.06%	96.90%	97.12%	98.11%	100.08%	98.03%	94.29%	96.08%
Madhya Pradesh	89.71%	92.95%	94.35%	96.10%	96.41%	97.90%	85.97%	68.63%	90.39%
Uttarakhand	95.37%	95.64%	95.85%	96.89%	97.29%	98.37%	93.53%	78.29%	90.12%
NCT Of Delhi	93.46%	93.76%	93.16%	94.12%	94.31%	96.24%	80.13%	59.64%	82.46%
Maharashtra	92.64%	94.18%	95.26%	96.17%	96.60%	97.76%	90.16%	84.83%	92.59%
Chhattisgarh	91.24%	90.86%	92.72%	94.75%	96.85%	100.32%	53.22%	55.31%	97.46%
Himachal Pradesh	98.31%	99.85%	100.17%	99.89%	99.89%	100.43%	99.68%	97.28%	99.79%
Haryana	91.40%	92.03%	91.61%	92.39%	92.76%	94.06%	92.29%	80.92%	88.59%
Total	85.61%	87.43%	90.49%	93.34%	95.61%	97.47%	92.15%	75.96%	87.60%

Notes:

- While our Bank's Banking Outlets are present in across 18 States and Union Territories, as of March 31, 2021, our microbanking portfolio is present in the 11 States and Union Territories mentioned above.

On-Time Collection Efficiency

The table below sets out our on-time collection efficiency for our microbanking portfolio:

State	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021
Bihar	80.38%	81.35%	81.85%	87.15%	88.99%	90.09%	89.41%	72.47%	81.49%
Uttar Pradesh	85.70%	87.90%	86.10%	90.69%	91.54%	93.18%	91.32%	78.18%	87.30%
Jharkhand	83.94%	86.82%	86.05%	90.94%	92.21%	94.05%	90.95%	75.10%	84.31%
Odisha	90.68%	94.37%	92.56%	96.35%	97.16%	97.80%	95.04%	94.15%	95.10%
Madhya Pradesh	89.01%	91.66%	89.31%	93.78%	94.42%	95.44%	85.13%	67.61%	86.47%
Uttarakhand	94.07%	94.62%	91.35%	95.50%	95.96%	96.82%	92.03%	76.13%	86.24%
NCT Of Delhi	91.86%	92.54%	88.81%	92.75%	93.03%	94.44%	78.54%	55.95%	77.04%
Maharashtra	91.85%	93.23%	90.72%	94.53%	94.99%	95.63%	89.13%	84.09%	90.38%
Chhattisgarh	86.61%	89.43%	87.46%	91.87%	92.95%	94.47%	52.34%	50.45%	85.99%
Himachal Pradesh	98.30%	99.81%	97.19%	99.86%	99.86%	99.82%	97.16%	97.22%	98.87%
Haryana	89.85%	90.67%	87.01%	90.70%	91.18%	91.90%	90.08%	80.37%	86.38%
Total	83.93%	85.51%	84.70%	89.57%	90.87%	92.17%	89.65%	75.13%	84.53%

Notes:

- On-time collection efficiency (adjusted for collections against past month dues) is calculated as the aggregate EMI amounts collected (excluding prepayment and collections in excess of current month demand) in the relevant period divided by the current month EMI due for collection. Accordingly, if in any month a customer also paid the overdue amount, apart from regular dues, then the overdue amount collected has not been included while computing on-time collection efficiency.
- While our Bank's Banking Outlets were present in across 18 States and Union Territories, as of March 31, 2021, our microbanking portfolio is present in the 11 States and Union Territories mentioned above.

Overdue Collections for Microbanking Portfolio

The table below sets out our overdue collections for our microbanking portfolio:

State	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021
Bihar	1.97%	2.26%	6.14%	4.56%	5.97%	6.49%	3.22%	0.83%	3.09%
Uttar Pradesh	1.59%	1.84%	5.78%	3.64%	4.70%	5.31%	1.88%	0.67%	2.91%
Jharkhand	1.29%	1.92%	6.24%	4.27%	4.54%	5.25%	2.82%	0.44%	3.14%
Odisha	0.49%	0.69%	4.34%	0.77%	0.95%	2.27%	3.00%	0.14%	0.98%
Madhya Pradesh	0.70%	1.28%	5.04%	2.31%	1.99%	2.46%	0.84%	1.01%	3.92%
Uttarakhand	1.30%	1.02%	4.50%	1.38%	1.33%	1.55%	1.50%	2.16%	3.88%
NCT Of Delhi	1.60%	1.22%	4.35%	1.37%	1.28%	1.80%	1.59%	3.69%	5.42%
Maharashtra	0.79%	0.95%	4.54%	1.63%	1.61%	2.13%	1.03%	0.74%	2.21%
Chhattisgarh	4.63%	1.43%	5.27%	2.88%	3.90%	5.85%	0.88%	4.86%	11.47%
Himachal Pradesh	0.02%	0.04%	2.99%	0.03%	0.03%	0.61%	2.52%	0.07%	0.92%
Haryana	1.55%	1.36%	4.60%	1.69%	1.58%	2.16%	2.22%	0.55%	2.21%
Total	1.68%	1.92%	5.79%	3.77%	4.74%	5.30%	2.50%	0.83%	3.07%

Notes:

- Overdue collections for our microbanking portfolio is calculated as the overdue amount collected from the borrower (in excess of current month demand) divided by the current month EMI due for collection.
- While our Bank's Banking Outlets were present in across 18 States and Union Territories, as of March 31, 2021, our microbanking portfolio is present in the 11 States and Union Territories mentioned above.

Asset Quality

The table below sets out the Special Mention Accounts (“SMA”) portfolio of our Bank as of March 31, 2021:

Product	Gross Loan Portfolio (₹ million)	SMA 1 (₹ million)	SMA 2 (₹ million)	SMA 1 %	SMA 2 %
Microbanking Loans	68,993.84	2,140.08	913.85	3.10%	1.32%
Retail Loans	5,311.36	23.09	15.59	0.43%	0.29%
Wholesale Lending	5,031.09	0.00	0.00	0.00%	0.00%
Housing Loans	2,195.85	0.00	1.44	0.00%	0.07%
BC	1,947.11	43.17	27.67	2.22%	1.42%
CV and CE	127.82	0.00	0.00	0.00%	0.00%
Others*	549.53	0.00	0.00	0.00%	0.00%
Total	84,156.60	2,206.34	958.55	2.62%	1.14%

Notes

*Others includes overdrafts and staff loans

Disbursements

There has been a consistent increase in our disbursements in last six months of Fiscal 2021. The growth in disbursements was led by normalization of operating and business environment and increase in our Banking Outlets. Our Bank has opened 51 new Banking Outlets in Fiscal 2021. Our Bank's Banking Outlets increased from 507 as of March 31, 2020 (528 as of September 30, 2020) to 558 as of March 31, 2021.

The table below sets forth details of our Bank's disbursements for the months ended October 31, 2020 through June 30, 2021 across our product / channels:

Product / Channel	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021
	(₹ million)								
Micro Finance	4,186.56	4,179.96	5,716.58	7,328.03	8,930.11	10,597.87	2,727.98	349.62	3,129.43
Retail Loans	357.88	418.90	368.77	428.02	487.61	660.80	79.43	89.47	318.45
Wholesale Lending	166.00	63.70	583.00	170.00	467.46	1,153.54	134.64	-	1,074.76
Housing Loan	165.85	166.91	153.09	156.17	191.12	255.65	71.46	64.55	172.80
BC	142.29	134.89	163.68	222.60	243.12	335.56	54.57	11.36	42.47
CV and CE	4.52	32.78	6.16	35.08	14.86	36.17	18.12	18.98	30.71
Others*	0.77	0.78	0.50	0.51	0.31	0.34	0.38	0.14	0.72
Total	5,023.87	4,997.92	6,991.78	8,340.41	10,334.59	13,039.93	3,086.58	534.12	4,769.34

Notes:

*Others includes staff loans

Restructuring of Standard Advances

Our Bank had outstanding standard restructured portfolio of ₹ 2,632.40 million as of March 31, 2021 which amounted to 3.13% of our gross loan portfolio as of March 31, 2021. Our Bank did not have any restructured advances in any period prior to September 30, 2020. All restructuring has been done based on RBI guidelines on restructuring in August 2020 and in line with Supreme Court's judgement dated September 3, 2020 on classification of assets in *Small Scale Industrial Manufacturers Association (Regd.) vs Union of India*. Our Bank

has created provision equivalent to 20.00% of standard restructured advances as against RBI stipulation of 5.00% against MSME advances and 10.00% against other than MSME advances.

The Supreme Court of India in *Small Scale Industrial Manufactures Association (Regd.) vs Union of India and others* vide a judgment dated March 23, 2021 directed that the interim order granted on September 3, 2020 to not declare the accounts of borrowers as NPAs stands vacated. From the date of the judgment i.e., March 23, 2021, our Bank has resumed recognizing NPAs in line with the Income Recognition and Asset Classification norms prescribed by the RBI.

The table below sets out the details of our restructured advances across our products, as of March 31, 2021:

Product	Clients	Amount (₹ million)
Microbanking Loans	92,756	2,608.63
Housing Loans	4	10.53
Retail Loans	20	13.24
Total	92,780	2,632.40

Liabilities

Deposits

The table below sets forth details of our Bank's deposits across our product segments for the dates indicated:

	Quarter ended September 30, 2020		Quarter ended December 31, 2020		Quarter ended March 31, 2021	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(₹ million, except percentages)					
Demand Deposits	1,377.97	2.31%	1,953.56	3.10%	1,597.72	2.13%
Savings Bank Deposits	7,252.18	12.15%	10,170.32	16.11%	11,672.20	15.55%
Term Deposits	51,062.83	85.54%	50,974.61	80.79%	61,805.76	82.32%
Total Deposits	59,692.98	100.00%	63,098.49	100.00%	75,075.68	100.00%

Our CASA ratio was 14.46%, 19.21% and 17.68% as of September 30, 2020, December 31, 2020 and March 31, 2021, respectively.

The table below sets forth details of our deposit customers:

	As of September 30, 2020	As of March 31, 2021
	(Million)	
Deposit Accounts	0.66	1.07
Current Accounts	0.02	0.02
Savings Accounts	0.51	0.86
Term Deposits	0.13	0.19

The table below sets forth the Bank's average ticket size of deposits as of September 30, 2020 and March 31, 2021:

	As of September 30, 2020	As of March 31, 2021
	(₹)	
Demand Deposits	86,938	92,354
Savings Bank Deposits	14,202	13,620
Term Deposits	396,728	323,901

SELECTED STATISTICAL INFORMATION

The selected statistical information contained in this section is based on or derived from our Restated Financial Information for Fiscal 2019, 2020 and 2021. The following discussion should be read together with the information included in the section “Financial Statements” included in this Addendum.

The following information is included for analytical purposes. Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Addendum. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere.

Our Bank’s Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on or derived from our Restated Financial Information included in this Addendum. Unless otherwise indicated average balances are the year to date quarterly averages as of April 1, June 30, September 30, December 31 and March 31 of each relevant year. All ratios are calculated based on the relevant months of operations during the period unless specified, and annualized for the relevant months of operations during the period.

Average Balance Sheet of the Bank

The tables below present the average balances for interest-earning assets and interest-bearing liabilities of the Bank together with the related interest income and expense amounts, resulting in the presentation of the average yields and cost for each period. The average balance is the average of advances and deposits for the period. The average yield on average assets is the ratio of interest earned to average interest-earning assets. The average cost on average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities. Average interest earning assets, yields, average non-interest earning assets, average interest-bearing liabilities, average non-interest bearing liabilities, and cost of funds, are non-GAAP measures. The tables below set forth the reconciliation of such non-GAAP measures to the GAAP measures appearing in our Restated Financial Information:

	Year ended March 31,								
	2019			2020			2021		
	Average Balance ⁽¹⁾ A	Interest Earned ⁽³⁾ B	Yield (%) C=B/A	Average Balance ⁽¹⁾ D	Interest Earned ⁽³⁾ E	Yield (%) F=E/D	Average Balance ⁽¹⁾ G	Interest Earned ⁽³⁾ H	Yield (%) I=H/G
	(₹ million, except percentages)								
Interest Earning Assets:									
i. Advances	35,809.73	8,255.15	23.05%	52,740.32	11,922.72	22.61%	67,151.70	13,857.44	20.64%
ii. Investments	8,421.30	614.60	7.30%	12,420.24	947.58	7.63%	21,445.05	1,486.92	6.93%
iii. Others ⁽²⁾	3,746.39	132.29	3.53%	6,747.09	206.57	3.06%	13,693.88	465.51	3.40%
iv. Sub-Total	47,977.42	9,002.04	18.76%	71,907.65	13,076.87	18.19%	102,290.63	15,809.87	15.46%
Non-Interest Earning Assets:									
v. Fixed assets	885.81	-	0.00%	964.30	-	0.00%	1,366.58	-	0.00%
vi. Other assets	1,279.08	-	0.00%	1,603.06	-	0.00%	3,242.88	-	0.00%
vii. Sub-Total	2,164.89	-	0.00%	2,567.36	-	0.00%	4,609.46	-	0.00%
viii. Total (iv+vii)	50,142.31	9,002.04	17.95%	74,475.01	13,076.87	17.56%	106,900.09	15,809.87	14.79%

	Year ended March 31,								
	2019			2020			2021		
	Average Balance ⁽¹⁾ A	Interest Expended ⁽⁴⁾ B	Cost of Funds (%) C=B/A	Average Balance ⁽¹⁾ D	Interest Expended E	Cost of Funds (%) F=E/D	Average Balance ⁽¹⁾ G	Interest Expended ⁽⁴⁾ H	Cost of Funds (%) I=H/G
(₹ million, except percentages)									
Interest-Bearing Liabilities:									
i. Demand Deposit	487.90	-	0.00%	967.14	-	0.00%	1,372.25	-	0.00%
ii. Saving Banks Deposit	1,443.43	84.24	5.84%	4,025.10	271.76	6.75%	8,090.18	488.47	6.04%
iii. Term Deposits	25,799.18	2,254.74	8.74%	40,476.42	3,865.01	9.55%	51,324.18	4,306.99	8.39%
iv. Total Deposits (i+ii+iii)	27,730.51	2,338.98	8.43%	45,468.66	4,136.77	9.10%	60,786.61	4,795.46	7.89%
v. Borrowings	13,550.11	1,492.21	11.01%	16,208.05	1,657.86	10.23%	28,941.99	2,621.95	9.06%
vi. Sub-Total	41,280.62	3,831.19	9.28%	61,676.71	5,794.63	9.40%	89,728.60	7,417.41	8.27%
Non-Interest Bearing Liabilities:									
vii. Capital	7,036.75	-	0.00%	7,509.39	-	0.00%	7,704.05	-	0.00%
viii. Reserves & Surplus	-96.42	-	0.00%	1,682.23	-	0.00%	3,490.02	-	0.00%
ix. Shareholders' equity (viii+ix)	6,940.33	-	0.00%	9,191.62	-	0.00%	11,194.07	-	0.00%
x. Other liabilities & Provision	1,921.36	-	0.00%	3,606.68	-	0.00%	5,977.42	-	0.00%
xi. Sub-Total	8,861.69	-	0.00%	12,798.30	-	0.00%	17,171.49	-	0.00%
xii. Total (vi+xi)	50,142.31	3,831.19	7.64%	74,475.01	5,794.63	7.78%	106,900.09	7,417.41	6.94%

Note:

- (1) Average balances are the year to date quarterly averages as of April 1, June 30, September 30, December 31 and March 31 of each relevant year/period
- (2) Includes all balances with Reserve Bank of India in other accounts, balances with banks in other deposit accounts, money at call and short notice.
- (3) Interest Earned on advances include interest on advances and gain on securitization and direct assignment transactions.
- (4) Interest Expended includes interest on deposits and borrowings and finance lease.

Analysis of Changes in Interest Income and Interest Expense by Volume and Rate

The following tables sets forth, for the periods indicated, details of the Bank's interest income, interest expense and Net Interest Income and the allocation of the changes in the Bank's interest income (including, with respect to equity investments, dividend income) and interest expense between average volume and changes in average rates. The changes in Net Interest Income between periods have been reflected as attributed either to volume or rate changes. For the purposes of these tables, changes that are due to both volume and rate have been allocated solely to changes in rate.

	Fiscal 2020 vs. Fiscal 2021		
	Increase (Decrease) Due to		
	Net Change in Interest ⁽¹⁾	Change in Average Volume ⁽²⁾	Change in Average Rate ⁽³⁾
(₹ million)			
Interest Income			
Advances	1,934.71	3,257.90	(1,323.19)
Investments	539.34	688.53	(149.19)
Others	258.95	212.69	46.26
Total interest-earning assets	2,733.00	4,159.12	(1,426.12)
Interest Expense			
Total deposits [#]	658.68	1,393.64	(734.96)
Borrowings	964.10	1,302.50	(338.40)
Total interest-bearing liabilities	1,622.78	2,696.14	(1,073.36)
Net Interest Income	1,110.22	1,462.98	(352.76)

Note:

- (1) The changes in interest earned, interest expended and net interest income between periods have been reflected as attributed either to volume or rate changes. For purposes of this table, changes that are due to both volume and rate have been allocated solely to changes in rate.
- (2) Change in average volume is computed as increase in average balances for the year multiplied by yield/cost for Fiscal 2020.
- (3) Change in average rate represents the average balance for Fiscal 2021 multiplied by change in rates during the respective periods during the relevant period.

	Fiscal 2019 vs. Fiscal 2020		
	Increase (Decrease) Due to		
	Net Change in Interest ⁽¹⁾	Change in Average Volume ⁽²⁾	Change in Average Rate ⁽³⁾
	(₹ million)		
Interest Income			
Advances	3,667.57	3,902.98	(235.40)
Investments	332.98	291.85	41.12
Others	74.28	105.96	(31.67)
Total interest-earning assets	4,074.83	4,300.79	(225.95)
Interest Expense			
Total deposits [#]	1,797.79	1,496.15	301.64
Borrowings	165.65	292.71	(127.07)
Total interest-bearing liabilities	1,963.44	1,788.86	174.57
Net Interest Income	2,111.39	2,511.93	(400.52)

Note:

(4) The changes in interest earned, interest expended and net interest income between periods have been reflected as attributed either to volume or rate changes. For purposes of this table, changes that are due to both volume and rate have been allocated solely to changes in rate.

(5) Change in average volume is computed as increase in average balances for the year multiplied by yield/cost for Fiscal 2019.

(6) Change in average rate represents the average balance for Fiscal 2020 multiplied by change in rates during the respective periods during the relevant period.

Total deposit includes saving deposits, current deposits and term deposits.

Yields, Spreads and Margins

The following table sets forth, for Fiscal 2019, 2020 and 2021, the yields, spreads and interest margins on the Bank's interest-earning assets.

	Year ended March 31,		
	2019	2020	2021
	(₹ million, except percentages)		
i. Interest on advances	8,255.15	11,922.72	13,857.44
ii. Interest earned	9,002.04	13,076.87	15,809.87
iii. Interest expense on interest bearing liabilities	3,831.19	5,794.63	7,417.41
iv. Total Average Interest Earning Assets ⁽¹⁾	47,977.42	71,907.65	102,290.63
v. Average Balance of Advances	35,809.73	52,740.32	67,151.70
vi. Total Average Interest Bearing Liabilities ⁽²⁾	41,280.62	61,676.71	89,728.60
vii. Total Average Assets ⁽³⁾	50,142.31	74,475.01	106,900.09
viii. Net Interest Income ⁽⁴⁾	5,170.85	7,282.24	8,392.46
ix. Average Balance of Advances as a percentage of Total Average Assets [v/vii]	71.42%	70.82%	62.82%
x. Total Average Interest Bearing Liabilities as a percentage of Total Average Assets [vi/vii]	82.33%	82.82%	83.94%
xi. Average Balance of Advances as a percentage of Total Average Interest-Bearing Liabilities [v/vi]	86.75%	85.51%	74.84%
xii. Yield ⁽⁵⁾	18.76%	18.19%	15.46%
xiii. Yield on Advances ⁽⁶⁾	23.05%	22.61%	20.64%
xiv. Cost of Funds ⁽⁷⁾	9.28%	9.40%	8.27%
xv. Spread ⁽⁸⁾	13.77%	13.21%	12.37%
xvi. Net Interest Margin ⁽⁹⁾	10.78%	10.13%	8.20%
xvii. Other income to Total income Ratio ⁽¹⁰⁾	6.06%	7.01%	8.36%
xviii. Credit Cost ⁽¹¹⁾	690.63	998.18	2,668.46
xix. Credit Cost Ratio ⁽¹²⁾	1.93%	1.89%	3.97%
xx. Cost of Borrowings ⁽¹³⁾	11.01%	10.23%	9.06%

Notes:

(1) Total Average Interest Earning Assets are interest-earning assets calculated on the basis of quarterly average.

(2) Total Average Interest Bearing Liabilities are interest-bearing liabilities calculated on the basis of quarterly average.

(3) Total Average Assets are total assets calculated on the basis of quarterly average.

(4) Net Interest Income is difference of Interest Earned and Interest Expended.

(5) Yield is Interest Earned divided by Total Average Interest Earning Assets.

(6) Yield on Advances is Interest on advance divided by Average Balance of Advances.

(7) Cost of Funds is Interest Expended divided by Total Average Interest Bearing Liabilities calculated on the basis of quarterly average.

(8) Spread is difference between Yield on Advances and Cost of Funds.

(9) Net Interest Margin is the difference of Interest earned and Interest expended divided by the Total Average Interest Earning Assets calculated on the basis of quarterly average.

- (10) Other income to Total income Ratio is calculated as a ratio of other income divided by Total income (total of Interest earned and Other income).
- (11) Provision made for standard assets, additional COVID-19 restructured assets in Fiscal 2021, specific provisions and NPAs and technical/prudential write off
- (12) Credit Cost divided by Average Balance of Advances.
- (13) Represents the ratio of Interest on RBI/inter-bank borrowings and other interest to the Average Balance of Borrowings.

Financial Ratios of the Bank

The following table sets forth certain key financial indicators as of and for Fiscal 2019, 2020 and 2021, for the Bank.

	As of and for the year ended March 31,		
	2019	2020	2021
Net profit as a percentage of Average Shareholders' Equity ⁽¹⁾	15.97%	20.32%	9.99%
Return on Total Average Assets ⁽²⁾	2.21%	2.51%	1.05%
Dividend Payout Ratio ⁽³⁾	-	-	-
Operating Expenses to Total Average Assets	6.55%	6.40%	5.10%
Average Shareholders' Equity to Total Average Assets ⁽⁴⁾	13.84%	12.34%	10.47%
Credit to Deposit ratio ⁽⁵⁾	123.13%	119.99%	109.45%
Retail Term Deposit to Total Term Deposit Ratio	24.20%	40.07%	48.39%
CASA Ratio ⁽⁶⁾	10.01%	13.50%	17.68%
Cost to Income Ratio ⁽⁷⁾	57.07%	57.63%	55.43%

Notes:

- (1) Return on Average Shareholders' Equity is the ratio of the Net profit for the year to the Average Shareholders' Equity (sum of quarterly average of Capital & Reserves and Surplus).
- (2) Return on Total Average Assets is the ratio of the Net profit for the year to the Total Average Assets
- (3) Dividend Payout Ratio is the ratio of dividend to adjusted net profit (after dividend tax).
- (4) Average Shareholders' Equity to Total Average Assets is computed by dividing the sum of Average Balance of Capital & Average Balance of Reserves and Surplus by the Total Average Assets.
- (5) Credit to Deposit Ratio is computed by dividing Advances by Deposits.
- (6) CASA Ratio is the ratio of the sum of Demand Deposits and Savings Bank Deposits to total deposits.
- (7) Cost to Income Ratio is calculated as a ratio of Operating expenses divided by Net Operating Income (Net Operating Income is sum of net interest income and other income).

Return on Equity and Assets

The following table presents selected financial ratios for the Bank for Fiscal 2019, 2020 and 2021:

	Fiscal		
	2019	2020	2021
	(₹ million, except percentages)		
i. Net profit for the year	1,108.67	1,867.43	1,118.15
ii. Average Shareholders' Equity ⁽¹⁾	6,940.33	9,191.62	11,194.07
iii. Total Average Assets	50,142.31	74,475.01	106,900.09
iv. Net profit as a percentage of Total Average Assets (i/iii)	2.21%	2.51%	1.05%
v. Net profit as a percentage of Average Shareholders' Equity (i/ii)	15.97%	20.32%	9.99%
vi. Average shareholders' equity as a percentage of Total Average Assets (ii/iii)	13.84%	12.34%	10.47%
vii. Gross Loan Portfolio	47,415.50	66,599.99	84,156.60
viii. Advances	46,681.66	62,815.97	82,168.58
ix. Net profit as a percentage of Gross Loan Portfolio	2.34%	2.80%	1.33%
x. Net profit as a percentage of advances	2.37%	2.97%	1.36%

Notes:

- (1) Average Shareholders' Equity represents the sum of quarterly average of capital and reserves and surplus

Funding

Deposits

The Bank's funding operations are designed to ensure stability and effective liquidity management. The Bank's primary sources of funds are deposits from retail customers. Retail term deposits raised were 24.20%, 40.07% and 48.39% of total term deposits as of March 31, 2019, 2020 and 2021, respectively. Of the Bank's total deposits as of March 31, 2021, 2.13% was demand deposits and 15.55% were savings bank deposits, 82.32% were term deposits.

	Year ended March 31,		
	2019	2020	2021
	(₹ million, except percentages)		
i. Deposits	37,913.87	52,352.12	75,075.68
ii. Average Balance of Deposits ⁽¹⁾	27,730.51	45,468.66	60,786.61
iii. Interest on Deposits	2,338.98	4,136.77	4,795.46
iv. Average interest rate ⁽²⁾ (iii/ii)	8.43%	9.10%	7.89%

Notes:

(1) Average Balance of Deposits represents sum of quarterly average Demand Deposits, Term Deposits and Savings Bank Deposits.

(2) Represents the ratio of Interest on Deposits to the Average Balance of Deposits.

Cost of Deposits

As of March 31, 2019, 2020 and 2021, the average cost (interest expense divided by the average of balance for the relevant period) of savings bank deposits was 5.84%, 6.75% and 6.04%, respectively, and the average cost of term deposits was 8.74%, 9.55% and 8.39%, respectively.

The following tables set forth, for the periods indicated, the Bank's deposits and the percentage composition by each category of deposits.

	Year ended March 31,					
	2019		2020		2021	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(₹ million, except percentages)					
Demand Deposits ⁽¹⁾	862.25	2.28%	1,191.62	2.28%	1,597.72	2.13%
Savings Bank Deposits	2,932.11	7.73%	5,875.02	11.22%	11,672.20	15.55%
Term Deposits	34,119.51	89.99%	45,285.48	86.50%	61,805.76	82.32%
Total Deposits	37,913.87	100.00%	52,352.12	100.00%	75,075.68	100.00%

Notes:

(1) Demand deposits do not bear interest and are therefore carried at zero cost.

The details of Retail Deposits and Bulk Deposits as of and for Fiscal 2019, 2020 and 2021, are as set forth below:

	Year ended March 31,					
	2019		2020		2021	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(₹ million, except percentages)					
Term Deposits						
Retail Deposits	8,257.86	24.20%	18,145.19	40.07%	29,905.18	48.39%
Bulk Deposits	25,861.65	75.80%	27,140.29	59.93%	31,900.58	51.61%
Total Term Deposits	34,119.51	100.00%	45,285.48	100.00%	61,805.76	100.00%

Notes:

(1) Retail term deposit are deposits below ₹ 20 million (except deposits received from other banks).

(2) Bulk term deposits are deposits of ₹ 20 million and above from other than banks plus all other term deposits from other banks.

The table below sets forth the Bank's average ticket size of deposits as of March 31, 2019, 2020 and 2021:

	As of March 31,		
	2019	2020	2021
	(₹)		
Demand Deposits	100,076	83,923	92,354
Savings Bank Deposits	17,803	14,300	13,620
Term Deposits	1,190,991	504,152	3,23,901

Category of Deposits Based on Location of Branches

	As of March 31,		
	2019	2020	2021
	(₹)		
Metropolitan	22,627.06	29,122.24	47,138.59
Urban	14,074.19	21,170.34	24,300.66

	As of March 31,		
	2019	2020	2021
	(₹)		
Semi-Urban	1,082.82	1,662.52	2,498.45
Rural	129.80	397.02	1,137.98
Total	37,913.87	52,352.12	75,075.68

Balance to Maturity for Deposits Exceeding ₹ 20 million

As of March 31, 2021, our individual domestic term deposits equal to and in excess of ₹ 20 million had balance to maturity profiles (based on residual maturity) as set out below:

	As of March 31, 2021				
	Up to Three Months	Over Three Months and Up to Six Months	Over Six Months to One Year	Over One Year	Total
	(₹ million)				
Balance to maturity for deposits exceeding ₹ 20 million	8,017.31	3,311.98	4,366.65	3,479.10	19,175.04

Concentration of Deposits

The following table presents an analysis of our deposits by region as of the dates indicated:

States	As of March 31,		
	2019	2020	2021
	(₹ million)		
Assam	-	498.45	513.55
Bihar	2,795.12	3,381.41	5,036.49
Chandigarh	-	0.01	379.00
Chhattisgarh	102.19	302.11	655.50
Gujarat	-	188.79	2,045.37
Haryana	8,266.60	11,850.33	11,142.99
Himachal Pradesh	0.12	1.02	5.00
Jharkhand	981.70	2,214.93	3,513.26
Madhya Pradesh	3,098.35	1,909.82	2,587.60
Maharashtra	8,246.02	7,682.45	17,102.16
NCT of Delhi	2,912.72	8,158.03	10,805.90
Odisha	-	144.08	505.34
Punjab	-	-	758.95
Rajasthan	-	95.39	574.21
Telangana	-	74.72	869.41
Uttar Pradesh	5,650.85	9,582.37	10,782.56
Uttarakhand	5,242.42	5,365.52	6,404.96
West Bengal	617.78	902.69	1,393.43
Total	37,913.87	52,352.12	75,075.68

Borrowings

The following tables set forth, for Fiscal 2019, 2020 and 2021, information related to the Bank's borrowings.

	Year ended March 31,		
	2019	2020	2021
	(₹ million, except percentages)		
i. Borrowings	14,297.67	26,750.37	26,078.25
ii. Average Balance of Borrowings	13,550.11	16,208.05	28,941.99
iii. Interest on RBI/Inter-bank borrowings and Other interest	1,492.21	1,657.86	2,621.95
iv. Cost of Borrowings ⁽¹⁾ (iii/ii)	11.01%	10.23%	9.06%
v. Average cost of subordinated debt (including perpetual debt) ⁽²⁾	11.95%	11.75%	11.45%
vi. Cost of average refinance borrowings ⁽³⁾	9.51%	9.41%	8.48%

Notes:

(1) Represents the ratio of Interest on RBI/inter-bank borrowings and Other interest to the Average Balance of Borrowings.

(2) Average cost of subordinated debt represents the ratio of interest expended on subordinated to average subordinated debt calculated on

the basis of the basis of quarterly average.

- (3) Cost of average refinance borrowings represents the ratio of interest expended on refinance borrowings to average refinance borrowings calculated on the basis of quarterly average.

	2019		As of March 31, 2020		2021	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(₹ million, except percentages)					
[A] Deposits						
Demand Deposits	862.25	1.65%	1191.62	1.51%	1,597.72	1.58%
Savings Bank Deposits	2,932.11	5.62%	5,875.02	7.43%	11,672.20	11.54%
Term Deposits	34,119.51	65.35%	45,285.48	57.25%	61,805.76	61.10%
Total [A]	37,913.87	72.62%	52,352.12	66.19%	75,075.68	74.22%
[B] Borrowings						
Reserve Bank of India	-	0.00%	980.00	1.24%	870.00	0.86%
Other banks	1,209.09	2.31%	1000.00	1.26%	100.00	0.09%
Other institutions and agencies	8,058.03	15.43%	22,870.37	28.91%	21,258.25	21.02%
Tier II Capital (Non-convertible debentures)*	1,900.00	3.64%	1,900.00	2.40%	3,850.00	3.81%
Bonds and Debentures (excluding subordinated debt)	3,130.55	6.00%	-	0.00%	-	0.00%
Total [B]	14,297.67	27.38%	26,750.37	33.81%	26,078.25	25.78%
Total [A + B]	52,211.54	100.00%	79,102.49	100.00%	101,153.93	100.00%

*Our Bank received a letter from the RBI stating that the offer document pursuant to which NCDs were issued by our Bank in favour of IDFC First Bank Limited, aggregating to ₹1,950 million, was not in compliance with the provisions of Annex 5 of the Master Circular on Prudential Guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework dated July 1, 2015 and therefore, the NCDs did not qualify for inclusion in Tier II capital. Our Bank vide its letter dated March 10, 2021 to the RBI has provided the compliance status by the Bank with Annex 5 at the time of the issuance and requested it to consider these NCDs eligible for inclusion as Tier II capital. For further details, see Annexure 23.1.2 of the Restated Financial Statements.

Asset Liability Management

The following tables set forth the Bank's structural liquidity gap position for its domestic operations as of the dates indicated:

	Date	1 Day to 1 Month	Over 1 Month to 2 Months	Over 2 Months to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 12 Months	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
(₹ million, except percentages)										
Advances*	March 31, 2021	5,645.28	4,228.05	4,371.80	12,572.34	21,713.12	29,654.03	2,834.78	1,149.18	82,168.58
	March 31, 2020	232.50	164.50	3,914.90	8,540.20	20,189.30	28,458.20	809.70	506.67	62,815.97
	March 31, 2019	2,905.25	2,859.60	2,514.20	8,133.20	14,071.30	15,413.10	482.00	303.01	46,681.66
Investments [@]	March 31, 2021	8831.41	844.52	498.39	2215.65	2946.35	7056.05	428.01	318.97	23,139.35
	March 31, 2020	1,213.80	436.40	230.70	1,464.00	2,353.80	5,289.30	876.70	59.18	11,923.88
	March 31, 2019	1,318.17	387.40	535.60	1,001.80	2,510.00	2,216.90	589.50	62.70	8,622.07
Deposits	March 31, 2021	8,546.49	2,370.82	3,619.30	11,908.86	13,133.30	34,490.50	536.67	469.74	75,075.68
	March 31, 2020	7,539.30	2,107.20	1,694.20	8,272.90	13,524.20	18,857.20	328.40	28.72	52,352.12
	March 31, 2019	4,999.17	2,555.00	2,871.90	3,379.00	12,463.10	11,473.20	162.40	10.10	37,913.87
Borrowings**	March 31, 2021	3,003.04	203.12	169.75	3,031.76	2,457.93	12,539.92	2,717.33	1,955.40	26,078.25
	March 31, 2020	2.50	1,102.50	2.50	2,494.00	2,978.10	13,644.80	6,119.20	406.77	26,750.37
	March 31, 2019	400.00	-	656.40	1,902.60	4,077.10	3,137.87	3,723.70	400.00	14,297.67
Foreign Currency Assets	March 31, 2021	-	-	-	-	-	-	-	-	-
	March 31, 2020	-	-	-	-	-	-	-	-	-
	March 31, 2019	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	March 31, 2021	-	-	-	45.70	45.70	-	-	-	91.40
	March 31, 2020	-	-	-	47.30	47.30	94.60	-	-	189.20
	March 31, 2019	-	-	-	43.20	43.20	172.90	-	-	259.30

Notes:

* Amounts disclosed are net off provision for non-performing assets and floating provision.

** Includes foreign currency liabilities ₹ 91.4 million for the year ended March 31, 2021, ₹ 189.2 million for the year ended March 31, 2020 and ₹ 259.3 million for the year ended March 31, 2019.

@ March 31, 2019 includes ₹ 2,950 million of reverse repo with RBI, which is grouped under Annexure 12 - Restated Statement of Balance with Banks and Money at Call and Short Notice.

Classification of Investments

	Year ended March 31,		
	2019	2020	2021
	(₹ million)		
Held to Maturity ⁽¹⁾	6,605.95	9,303.81	13,879.40
Available for Sale ⁽²⁾	2,016.12	2,620.07	9,259.95
Held for Trading ⁽³⁾	-	-	-
Total	8,622.07	11,923.88	23,139.35

Notes:

(1) Investments that the Bank intends to hold till maturity are classified as "Held to Maturity".

(2) Investments, which are not classified as "Held to Maturity" and "Held for Trading", are classified as "Available for Sale" investments.

(3) Investments that are held with the intention to trade by taking advantage of short-term price / interest movements are classified as "Held for Trading".

Loan Portfolio

As of March 31, 2021, the Bank's Gross Loan Portfolio was ₹ 84,156.60 million. The Bank's Gross Loan Portfolio is to borrowers in India.

The table below sets forth the Bank's Gross Loan Portfolio by product/ channel as of March 31, 2019, 2020 and 2021:

Product / Channel	As of March 31,					
	2019		2020		2021	
	(₹ million)	% of total	(₹ million)	% of total	(₹ million)	% of total
Microbanking Loans	40,769.93	85.98%	58,558.04	87.92%	68,993.84	81.98%
Housing Loans	382.00	0.81%	854.91	1.28%	2,195.85	2.61%
Retail Assets (MSME)	1,649.31	3.48%	2,461.39	3.70%	5,311.36	6.31%
Wholesale Lending	2,725.47	5.75%	3,095.05	4.65%	5,031.09	5.98%
BC	609.87	1.29%	1,233.46	1.85%	1,947.11	2.32%
CE and CV	-	-	-	-	127.82	0.15%
Others*	1,278.92	2.69%	397.14	0.60%	549.53	0.65%
Gross Loan Portfolio	47,415.50	100.00%	66,599.99	100.00%	84,156.60	100.00%

Notes:

* Others includes staff loans and overdrafts against deposits.

The table set forth below represents our cycle-wise outstanding assets under management, which is equal to Gross Loan Portfolio plus off-balance sheet advances (i.e., securitisation/ assignment and inter-bank participation certificate) ("Assets Under Management"), of joint liability group or JLG loans (within microbanking loan portfolio)

Cycle	As of March 31,					
	2019		2020		2021	
	(₹ million)	% of total	(₹ million)	% of total	(₹ million)	% of total
1	13,096.64	32.12%	14,006.82	23.97%	8,692.01	12.68%
2	13,955.65	34.23%	20,272.88	34.69%	25,355.56	37.00%
3	8,442.89	20.71%	12,754.34	21.82%	17,153.38	25.03%
4	3,331.74	8.17%	7,275.57	12.45%	10,170.65	14.84%
>4	1,943.01	4.77%	4,132.25	7.07%	7,165.53	10.45%
Total	40,769.93	100.00%	58,441.86	100.00%	68,537.13	100.00%

The table set forth below represents the asset under management of joint liability group loans break up in terms of collection cycle for the dates indicated:

Cycle	As of March 31,		
	2019	2020	2021
	(₹ million)		
Weekly	-	-	-
Fortnightly	37,145.67	53,360.29	63,050.38

Cycle	As of March 31,		
	2019	2020	2021
	(₹ million)		
Monthly	3,624.26	5,081.57	5,486.75
Total	40,769.93	58,441.86	68,537.13

The following table presents our sector-wise outstanding Gross Advances and the proportion of these advances to our outstanding domestic advances, as of the dates indicated:

Sectors	As of March 31,					
	2019		2020		2021	
	(₹ million)	% of total	(₹ million)	% of total	(₹ million)	% of total
Agriculture and Allied Activity	26,009.70	55.04%	34,520.80	54.72%	48,744.61	57.92%
Advances to Industry Sector	960.10	2.03%	1,783.50	2.83%	1,850.11	2.20%
Advances to Services Sector	19,361.90	40.97%	25,801.00	40.89%	30,709.83	36.49%
Personal Loan and Others	924.30	1.96%	984.20	1.56%	2,852.05	3.39%
Total	47,256.00	100.00%	63,089.50	100.00%	84,156.60	100.00%

Note:

The loan portfolio is after adjustment of IBPC, interest accrued and interest derecognized.

The table below sets forth the Bank's disbursements by product/ channel as of March 31, 2019, 2020 and 2021:

Product / Channel	As of March 31,					
	2019		2020		2021	
	(₹ million)	% of total	(₹ million)	% of total	(₹ million)	% of total
Microbanking Loans	41,638.20	91.70%	60,052.47	91.56%	48,161.21	81.45%
Housing Loans	266.33	0.59%	544.10	0.83%	1,532.28	2.59%
Retail Loans	1,179.70	2.60%	1,557.09	2.37%	3,680.85	6.22%
Wholesale Lending	1,585.00	3.49%	2,171.00	3.31%	4,106.50	6.94%
BC	725.93	1.60%	1,259.61	1.92%	1,522.79	2.57%
CE and CV	-	-	-	-	129.56	0.22%
Others*	10.41	0.02%	8.20	0.01%	6.89	0.01%
Total Disbursements	45,405.57	100.00%	65,592.47	100.00%	59,140.08	100.00%

Notes:

* Others includes staff loans.

The table below sets forth the number of loans advanced (outstanding) by the Bank by product/ channel for Fiscal 2019, 2020 and 2021:

Product / Channel	Year Ended March 31,		
	2019	2020	2021
Microbanking Loans	1,972,807	2,504,008	2,510,275
Housing Loans	554	895	1,672
Retail Loans	10,062	6,603	6,725
Wholesale Lending	36	46	77
BC	26,019	64,072	85,807
CE and CV	-	-	40
Others*	2,880	1,488	1,581
Total	2,012,358	2,577,112	2,606,177

Notes:

* Others includes staff loans and overdrafts against deposits.

The table below sets forth the Bank's average ticket size of Gross Loan Portfolio by product/ channel as of March 31, 2019, 2020 and 2021:

Product / Channel	As of March 31,		
	2019	2020	2021
	(₹ million)		
Microbanking Loans	0.02	0.02	0.03
Housing Loans	0.69	0.96	1.31
Retail Loans	0.16	0.37	0.79

Product / Channel	As of March 31,		
	2019	2020	2021
	(₹ million)		
Wholesale Lending	75.71	67.28	65.34
BC	0.02	0.02	0.02
CE and CV			3.20
Others*	0.44	0.27	0.35

Notes:

* Others includes staff loans and overdrafts against deposits.

The table below sets forth the Bank's average tenor of Gross Loan Portfolio by product/ channel as of March 31, 2019, 2020 and 2021:

Product / Channel	As of March 31,		
	2019	2020	2021
	(Months)		
Microbanking Loans	22.85	22.57	23.19
Housing Loans	172.69	185.33	206.80
Retail Loans	46.52	63.07	91.19
Wholesale Lending	38.51	37.13	36.87
BC	22.42	22.36	23.36
CE and CV	-	-	48.01

The table below sets forth the Bank's yields on Gross Loan Portfolio by product/ channel for Fiscal 2019, 2020 and 2021:

Product / Channel	Year Ended March 31,		
	2019	2020	2021
Microbanking Loans	22.28%	23.04%	20.78%
Retail Loans	21.60%	18.05%	15.02%
Housing Loans	12.15%	11.11%	10.21%
Wholesale Lending	12.37%	10.72%	10.74%
BC	21.40%	23.12%	22.35%
CE and CV	-	-	11.45%
Others*	4.90%	4.23%	8.48%
Total	23.05%	22.61%	20.64%

Notes:

* Others includes staff loans and overdrafts against deposits.

Interest Rate Sensitivity Analysis

The following tables set forth the interest rate sensitivity analysis of the Bank's assets and liabilities for the Bank's operations as of the dated indicated:

As of March 31, 2021

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-Sensitive	Total
	(₹ million)					
Assets						
Cash and Balances with RBI	-	-	-	-	2,749.38	2,749.38
Balances with other banks	0.07	24.59	1.42	2.50	620.20	648.78
Advances	14,245.45	34,285.46	31,323.62	1,149.18	-	81,003.71
Investments	10,174.30	5,162.00	7,484.06	318.99	-	23,139.35
Fixed Assets	-	-	-	-	1,811.71	1,811.71
Rev Repos	8,300.00	-	-	-	-	8,300.00
Other Assets	-	-	-	-	2,561.32	2,561.32
Forex Swaps	-	-	-	-	-	-
NPAs (Advances and Investments)	-	-	1,164.87	-	-	1,164.87
Total Assets	32,719.82	39,472.05	39,973.97	1,470.67	7,742.61	121,379.12
Off-balance Sheet Items	-	-	-	-	-	-
Total Rate Sensitive Assets/	32,719.82	39,472.05	39,973.97	1,470.67	7,742.61	121,379.12

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-Sensitive	Total
(₹ million)						
Assets						
Liabilities						
Capital and Reserve	-	-	-	1,950.00	13,683.53	15,633.53
Deposits	14,536.62	25,042.15	35,027.18	469.73	-	75,075.68
Borrowings	3,375.90	5,489.69	14,387.25	5.41	-	23,258.25
Other Liabilities	-	-	-	-	6,541.66	6,541.66
Repos	-	-	870.00	-	-	870.00
Forex Swaps	-	-	-	-	-	-
Total Liabilities	17,912.52	30,531.84	50,284.43	2,425.14	20,225.19	121,379.12
Off-balance Sheet Items	-	-	-	-	-	-
Total Rate Sensitive Liabilities / Liabilities	17,912.52	30,531.84	50,284.43	2,425.14	20,225.19	121,379.12

Priority Sector Lending

Commercial banks in India are required to lend, through advances or investment, 40% of their adjusted net bank credit (“ANBC”) or credit equivalent amount of off-balance sheet exposures, whichever is higher, to specified sectors known as “priority sectors”, subject to certain exemptions permitted by RBI from time to time. Priority sector advances include advances to agriculture sector, micro and small enterprises, weaker sections, housing and education finance up to certain ceilings.

SFBs are also subject to all prudential norms and regulations of RBI as applicable to existing commercial banks. Further, we are required to comply with additional conditions/ norms such as extending 75% of our adjusted net bank credit to sectors eligible for classification as priority sector lending by RBI, while 40% of our adjusted net bank credit is to be allocated to different sub-sectors under priority sector lending as per the extant priority sector lending prescriptions, we can allocate the balance of 35% to any one or more sub-sectors under priority sector lending where we believe we have competitive advantage, maximum loan size and investment limit exposure to a single and group obligor being restricted to 10% and 15% of our capital funds, respectively, at least 50% of our loan portfolio should constitute loans and advances of up to ₹2.5 million, etc.

We are required to comply with the priority sector lending requirements on a quarterly basis. Any shortfall in the amount required to be lent to the priority sectors is required to be deposited with the Rural Infrastructure Development Fund established by NABARD or funds with other financial institutions as specified by the RBI, which generally provide for lower than market interest rate. Therefore, if we are unable to meet the priority sector conditions requirements, it could have an adverse effect on our results of operations.

The tables below set out our outstanding priority sector advances (as defined by the Government and the RBI) by sector, each sector as a percentage of total credit to priority sector as of the dates indicated:

Sectors	As of March 31,					
	2019		2020		2021	
	(₹ million)	% of total credit to priority sector	(₹ million)	% of total credit to priority sector	(₹ million)	% of total credit to priority sector
Agriculture and Allied Activity	26,007.30	61.59%	34,520.60	59.92%	48,730.70	67.21%
Advances to Industry Sector	782.10	1.85%	1,778.50	3.09%	1,809.41	2.50%
Advances to Services Sector	14,897.30	35.28%	20,806.50	36.11%	20,232.51	27.91%
Personal Loan and Others	538.00	1.28%	504.80	0.88%	1,724.88	2.38%
Total Gross Loan Portfolio to Priority Sector	42,224.70	100.00%	57,610.40	100.00%	72,497.50	100.00%

Capital Adequacy

Our Bank is subject to the CRAR requirements prescribed by the RBI. As of March 31, 2021, we were required to maintain a minimum CRAR of 15.00%, based on the total capital to risk-weighted assets. The following tables set forth certain information relating to the CRAR of our Bank as of the periods indicated:

	As of and for the year ended March 31,		
	2019	2020	2021
	(₹ million, except percentages)		
Common Equity Tier I Capital	7,365.27	9,545.52	12,565.15
Tier I Capital	7,365.27	9,545.52	12,565.15
Tier II Capital	1,374.13	1,363.08	1,192.53
Total Capital	8,739.40	10,908.60	13,757.68
Total Credit Risk Weighted Assets	36,210.13	49,169.48	62,875.75
Capital Adequacy Ratio			
Common Equity Tier I Capital Ratio (as a percentage of Credit Risk Weighted Assets)	20.34%	19.41%	19.98%
Tier I Capital Ratio (as a percentage of Credit Risk Weighted Assets)	20.34%	19.41%	19.98%
Tier II Capital Ratio (as a percentage of Credit Risk Weighted Assets)	3.80%	2.78%	1.90%
Total Capital to Risk Weighted Asset Ratio (CRAR) (as a percentage of Credit Risk Weighted Assets)	24.14%	22.19%	21.88%

Regional Concentration

The Bank's widespread branch network enables the Bank to diversify its lending risks geographically. The following tables present an analysis of the Bank's advances and deposits by region as of the dates indicated.

The following tables set forth the Bank's Gross Loan Portfolio by geographical split as of the dates indicated (based on the location of the Banking Outlet):

	As of March 31,					
	2019		2020		2021	
	(₹ million)	% of total	(₹ million)	% of total	(₹ million)	% of total
Metropolitan	5,923.79	12.49%	6,538.21	9.81%	11,154.50	13.25%
Urban	7,714.22	16.27%	11,273.56	16.93%	15,380.97	18.28%
Semi-Urban	18,979.27	40.03%	27,624.32	41.48%	32,836.72	39.02%
Rural	14,798.22	31.21%	21,163.90	31.78%	24,784.41	29.45%
Gross Loan Portfolio	47,415.50	100.00%	66,599.99	100.00%	84,156.60	100.00%

The following tables set forth the Bank's Gross Loan Portfolio by states in India (based on the location of Banking Outlet) as of the dates indicated:

States	No. of Banking Outlets as on March 31, 2021	As of March 31,		
		2019	2020	2021
		(₹ million)		
Assam	1	-	-	-
Maharashtra	49	2,918.63	3,757.75	6,054.91
Chandigarh	2	-	0.47	6.72
West Bengal	4	437.16	595.42	679.91
Bihar	128	20,472.27	28,940.06	33,089.42
Gujarat	4	-	97.84	685.60
Uttarakhand	20	863.69	1,232.38	1,396.07
Madhya Pradesh	35	2,549.80	2,203.75	3,406.12
Chhattisgarh	18	396.51	867.17	1,034.17
Uttar Pradesh	138	13,418.32	18,551.15	22,392.81
NCT of Delhi	18	1,361.75	1,552.13	1,787.08
Telangana	1	-	208.67	439.47
Odisha	53	-	286.19	1,446.50
Haryana	30	2,417.70	3,760.79	5,153.20
Himachal Pradesh	1	73.34	88.06	92.10
Jharkhand	49	2,506.33	4,301.98	5,992.16
Rajasthan	3	-	156.18	458.05
Punjab	4	-	-	42.31

States	No. of Banking Outlets as on March 31, 2021	As of March 31,		
		2019	2020	2021
		(₹ million)		
Total	558	47,415.50	66,599.99	84,156.60

The following tables set forth the Bank's deposits by region as of the dates indicated:

States	2019	As of March 31,	
		2020	2021
		(₹ million)	
Assam	-	498.45	513.55
Bihar	2,795.12	3,381.41	5,036.49
Chandigarh	-	0.01	379.00
Chhattisgarh	102.18	302.09	655.50
Gujarat	-	188.79	2,045.37
Haryana	8,266.61	11,850.33	11,142.99
Himachal Pradesh	0.12	1.02	5.00
Jharkhand	981.70	2,214.94	3,513.26
Madhya Pradesh	3,098.35	1,909.82	2,587.60
Maharashtra	8,246.02	7,682.46	17,102.16
NCT OF DELHI	2,912.72	8,158.03	10,805.90
Odisha	-	144.08	505.34
Punjab	-	-	758.95
Rajasthan	-	95.39	574.21
Telangana	-	74.72	869.41
Uttar Pradesh	5,650.85	9,582.37	10,782.56
Uttarakhand	5,242.42	5,365.52	6,404.96
West Bengal	617.78	902.69	1,393.43
Total	37,913.87	52,352.12	75,075.68

The following tables set forth the Bank's Banking Outlets by region as of the dates indicated:

States	2019	As of March 31,	
		2020	2021
		(No. of Banking Outlets)	
Assam	-	1	1
Maharashtra	40	45	49
Chandigarh	-	1	2
West Bengal	1	2	4
Bihar	124	127	128
Gujarat	-	3	4
Uttarakhand	18	18	20
Madhya Pradesh	32	34	35
Chhattisgarh	15	17	18
Uttar Pradesh	123	135	138
Delhi	14	15	18
Telangana	-	1	1
Odisha	-	33	53
Haryana	24	27	30
Himachal Pradesh	1	1	1
Jharkhand	44	46	49
Rajasthan	-	1	3
Punjab	-	-	4
Total	436	507	558

The following tables set forth the Bank's Banking Outlets by geographical regions as of the dates indicated:

	As of March 31,		
	2019	2020	2021
Metropolitan	44	61	76
Urban	77	100	116
Semi-Urban	193	208	220
Rural	122	138	146
Total Banking Outlets	436	507	558

Recognition of NPAs and Provisioning

RBI Classification and Provisioning Requirements

The Bank classifies its assets in accordance with the RBI guidelines. Under these guidelines, an asset is classified as non-performing if any amount of interest or principal remains overdue for more than 90 days in respect of term loans. In respect of overdraft and cash credit, an asset is classified as non-performing if the account remains out of order for a continuous period of 90 days, and in respect of bills purchased and discounted, if the account remains overdue for more than 90 days.

Assets are classified as described below:

Standard asset	Performing assets are Standard Assets which do not disclose any problem and which do not carry more than the normal risk attached to the business. The performing asset is one which generates income for the bank.
Sub-standard asset	Sub-standard Asset would be one which has remained as NPA for a period less than or equal to 12 months.
Doubtful asset	An account would be classified as doubtful if it had continuously remained in the sub-standard category for 12 months. Doubtful assets will further be sub-classified into following three categories.
- Doubtful – I	All NPAs after completion of 12 months from date of categorization as an NPA will slip to Doubtful –I category.
- Doubtful – II	All NPAs after completion of 24 months from date of categorization as an NPA will slip to Doubtful-II category.
- Doubtful – III	All NPAs after completion of 48 months from date of categorization as an NPA will slip to Doubtful-III category.
Loss asset	A loss asset is one where the loss has been identified by the bank, internal auditor, external auditors or the RBI inspectors, but the amount has not been written off wholly. In other words, such an asset is considered uncollectible with little salvage or recovery value.
Accounts where there is erosion in the value of securities/frauds committed by the borrowers	In respect of accounts where there are potential threats for recovery on account of erosion in the value of security or non-availability of security and existence of other factors such as frauds committed by borrowers it will not be prudent that such accounts should go through various stages of asset classification. In cases of such serious credit impairment, the asset should be straightaway classified as doubtful or loss asset as appropriate: 1. Erosion in the value of security can be reckoned as significant when the realisable value of the security is less than 50 per cent of the value assessed by the bank or accepted by RBI at the time of last inspection, as the case may be. Such NPAs may be straightaway classified under doubtful category. 2. If the realisable value of the security, as assessed by the bank/ approved valuers/ RBI is less than 10 per cent of the outstanding in the borrowal accounts, the existence of security should be ignored and the asset should be straightaway classified as loss asset.

The following tables provide a summary of the Bank's gross loan assets as of the periods indicated, in accordance with RBI classifications.

Asset Category	As of March 31,		
	2019	2020	2021
	(₹ million)		
Standard assets	46,600.25	62,642.94	81,003.71
Sub-standard assets	599.60	410.09	3,110.49
Doubtful assets	56.15	36.47	42.40
Loss assets	-	-	-
Total gross advances	47,256.00	63,089.50	84,156.60

Note:

The gross advances is after adjustment of IBPC, interest accrued and interest derecognized.

The following tables set forth the Bank's provisions for possible credit losses at the dates indicated:

Asset Category	As of March 31,		
	2019	2020	2021
	(₹ million)		
Total of Provision for NPA and Floating provision	598.82	335.62	2,064.71
Gross Advances	47,256.00	63,089.50	84,156.60
Gross NPA	655.74	446.56	3,152.89
Provision held as percentage of Gross Advances [i/ii]	1.27%	0.53%	2.45%
Provision coverage ratio (excluding technical write-offs) ⁽¹⁾	91.32%	75.16%	65.49%
Provision coverage ratio (including technical write-offs) ⁽¹⁾	97.49%	95.64%	80.42%

Notes:

(1) Provision held as a percentage of Gross Advances.

Non-Performing Assets

The Bank has suffered losses in the past through impairment of loans as delinquent borrowers were impacted by various factors including recessionary conditions in the domestic economy, natural calamities, currency demonetization measures in 2016, COVID-19, increased competition and volatility in industrial growth and commodity prices that led to cash flow issues for microbanking customers, adversely impacted earning capacity for MSMEs customers. The Bank has adopted several measures to refine its credit selection processes and appraisal capabilities.

Once loan accounts are identified as non-performing, interest and other fees charged in the account, if uncollected, are reversed. In compliance with regulations governing the presentation of financial information by banks, we report non-performing assets (both gross and net). In accordance with the RBI guidelines, interest income from advances for NPAs is recognized upon realization, rather than on an accrual basis as with all other loans.

The Bank's percentage of Gross NPAs to Total Advances decreased from 1.39% as of March 31, 2019 to 0.71% as of March 31, 2020 and increased to 3.75% as of March 31, 2021. The Bank's net NPA to net Advances (%) increased from 0.12% as of March 31, 2019 to 0.18% as of March 31, 2020 and further increased to 1.33% as of March 31, 2021.

The following tables set forth, for the periods indicated, information about the Bank's NPA portfolio.

	As of March 31,		
	2019	2020	2021
	(₹ million, except percentages)		
Non-Performing Assets			
(i) Gross NPAs as at the year end	655.74	446.56	3,152.89
(ii) Closing balance of provision for NPAs (excluding floating provision)	574.33	273.49	1,988.02
(iii) Closing balance of floating provisions	24.49	62.13	76.69
(iv) Net NPAs (i-ii-iii)	56.92	110.94	1,088.14
(vi) Advances	46,681.66	62,815.97	82,168.58
(vii) Gross Advances	47,256.00	63,089.50	84,156.60
(viii) Gross NPAs/ Gross Advances (%) (i/vii)	1.39%	0.71%	3.75%
(x) Net NPAs/ Advances (%) (iv/vi)	0.12%	0.18%	1.33%
(xi) Provision for NPAs as a percentage of Gross NPAs (ii+iii/i)	91.32%	75.16%	65.49%
(xii) Provision coverage ratio (including technical write-offs)	97.49%	95.64%	80.42%

The table below sets forth the Bank's Gross NPAs by product/ channel as of March 31, 2019, 2020 and 2021:

Product / Channel	As of March 31,					
	2019		2020		2021	
	(₹ million)	Gross NPA as a Percentage of Gross Advances	(₹ million)	Gross NPA as a Percentage of Gross Advances	(₹ million)	Gross NPA as a Percentage of Gross Advances
Microbanking Loans	187.07	0.46%	349.87	0.60%	2,848.18	4.13%

Product / Channel	As of March 31,								
	2019			2020			2021		
	(₹ million)	Gross NPA as a Percentage of Gross Advances	(₹ million)	Gross NPA as a Percentage of Gross Advances	(₹ million)	Gross NPA as a Percentage of Gross Advances			
Retail Loans	62.88	3.81%	87.27	3.55%	170.80	3.22%			
Housing Loans	3.79	0.99%	4.79	0.56%	15.88	0.72%			
Wholesale Lending	400.00	14.68%	-	0.00%	-	0.00%			
BC	-	-	2.63	0.21%	116.04	5.96%			
CE and CV	-	-	-	-	-	-			
Others	2.00	0.30%	2.00	0.50%	2.00	0.36%			
Gross NPA	655.74	1.39%	446.56	0.71%	3,152.90	3.75%			

The Bank's provision coverage ratio (including technical write-offs) as of March 31, 2019, 2020 and 2021, computed as per RBI guidelines, was 97.49%, 95.64% and 80.42%, respectively.

Analysis of Non-Performing Advances by Industry Sectors

The table below sets forth, as of the dates periods indicated, our non-performing advances, by the borrower's industry or economic activity.

Industry / Economic Activity	As of March 31,								
	2019			2020			2021		
	Gross NPA	Provision (excluding floating provision)	% of NPA in Industry	Gross NPA	Provision (excluding floating provision)	% of NPA in Industry	Gross NPA	Provision (excluding floating provision)	% of NPA in Industry
Food Processing	2.48	1.56	0.61%	3.23	2.01	0.66%	21.80	13.40	5.33%
Beverages (excluding Tea & Coffee) and Tobacco	0.02	0.02	0.38%	0.13	0.07	3.03%	0.14	0.11	2.63%
Textiles	0.81	0.61	1.02%	0.84	0.51	0.90%	2.22	1.40	1.61%
Leather and Leather product	0.15	0.08	0.18%	0.60	0.37	0.88%	2.96	1.89	6.11%
Wood and Wood Products	2.75	2.08	0.81%	3.78	2.42	0.94%	10.86	7.26	2.16%
Paper and Paper Products	0.03	0.02	0.43%	0.14	0.10	2.41%	0.14	0.08	2.94%
Chemicals and Chemical Products (Dyes, Paints, etc.)	0.18	0.16	2.47%	0.06	0.05	0.96%	0.12	0.07	2.19%
Rubber, Plastic and their Products	0.04	0.03	0.51%	0.23	0.13	3.11%	0.25	0.15	3.46%
Glass & Glassware	-	-	0.00%	0.14	0.08	0.51%	0.81	0.53	3.15%
Cement and Cement Products	0.06	0.04	0.15%	0.69	0.39	1.07%	1.95	1.27	1.86%
Basic Metal and Metal Products	0.42	0.32	1.45%	0.36	0.25	0.86%	0.78	0.51	1.68%
All Engineering	1.76	1.18	0.44%	3.20	1.95	0.70%	10.62	6.70	2.97%
Vehicles, Vehicle Parts and Transport Equipments	0.02	0.02	1.49%	-	-	0.00%	0.02	0.01	0.81%
Gems and Jewellery	0.82	0.62	0.85%	0.92	0.56	0.99%	2.08	1.30	2.10%
Other Industries	0.14	0.08	0.80%	0.20	0.13	0.82%	2.15	1.35	2.32%
Residuary other advances	646.07	567.54	1.41%	432.04	264.48	0.70%	3,096.00	1,951.99	3.76%

Industry / Economic Activity	As of March 31,								
	2019			2020			2021		
	Gross NPA	Provision (excluding floating provision)	% of NPA in Industry	Gross NPA	Provision (excluding floating provision)	% of NPA in Industry	Gross NPA	Provision (excluding floating provision)	% of NPA in Industry
(to tally with gross advances)									
Total	655.73	574.33	13.00%	446.55	273.49	18.56%	3,152.89	1,988.02	45.08%

Provisioning and Write-Offs

RBI guidelines on provisioning and write-offs are as follows:

Standard asset	A general provision on Standard Assets with a minimum of 0.40% is to be made with the exception of Farm credit to agriculture activities, SME sectors and Individual Housing Loans sanctioned on or after June 7, 2017 for which a provision of 0.25% will be made, and for residential housing loans under “teaser” loan category, a provision of 2.00% will be made. For commercial real estate loans and commercial real estate loans for residential housing sector, provision will be made at 1.00% and 0.75% respectively. For restructured standard assets and DCCO extension beyond stipulated maximum for infrastructure and non-infrastructure projects, provision is held at 5%. A Restructured NPA account upgraded to standard category attracts a provision of 5% in the first year from the date of upgrade.								
Sub-standard asset	A general provision of 15.00% on total outstanding loans should be made without making any allowance for Export Credit Guarantee Corporation of India (ECGC) guarantee cover and securities available. The unsecured outstanding which are identified as sub-standard would attract an additional provision of 10.00% (i.e. a total of 25.00% on the outstanding balance). However, in case escrow accounts available in respect of infrastructure lending, infrastructure loan accounts which are classified as sub-standard will attract a provisioning of 20 per cent instead of the aforesaid prescription of 25 per cent Unsecured outstanding is defined as an outstanding where the realizable value of security, as assessed by the bank, the approved values and the RBI’s inspecting officers, is not more than 10.00%, ab-initio, of the outstanding. Security will mean tangible security properly discharged to the bank and will not include intangible securities such as guarantees and comfort letters.								
Doubtful asset	Provisioning at 100.00% is to be made for the deficit portion i.e. to the extent to which advances are not covered by the realizable value of the security to which the Bank has a valid recourse and the realizable value is estimated on a realistic basis. With regard to the secured portion, as per the guidelines of the RBI, provision is to be made at rates ranging from 25% to 100.00% of the secured portion depending upon the period for which the advance has remained in the doubtful category. In regard to the secured portion, provision is to be made in accordance with the table below:								
	<table border="1"> <thead> <tr> <th>Period for which advance remained in “Doubtful” category</th> <th>Provision requirement (%)</th> </tr> </thead> <tbody> <tr> <td>Up to one year</td> <td>25.00%</td> </tr> <tr> <td>One to three years</td> <td>40.00%</td> </tr> <tr> <td>More than three years</td> <td>100.00%</td> </tr> </tbody> </table>	Period for which advance remained in “Doubtful” category	Provision requirement (%)	Up to one year	25.00%	One to three years	40.00%	More than three years	100.00%
Period for which advance remained in “Doubtful” category	Provision requirement (%)								
Up to one year	25.00%								
One to three years	40.00%								
More than three years	100.00%								
Loss asset	The entire asset is written off or 100.0% provision is made on outstanding amount.								

Our Bank’s provisioning and write-off policy is as below and is more stringent than the norms prescribed by the RBI.

Provisioning Norms	Loan classification	Proposed Provisioning Percentage
Loans classified NPA for the first time in last quarter (Last 90 days)	Substandard	40% *
NPA for more than 90 days and less than or equal to 182 days	Substandard	55% *
NPA for more than 182 days and less than or equal to 273 days	Substandard	70% *
NPA for more than 273 days and less than or equal to 365 days	Substandard	85% *
NPA for more than 365 days	Doubtful	100%

* As on March 31, 2021, our Bank has provided additional 15% provision for all sub-standard category loans.

Standard assets provision for microbanking loans is 0.5% against regulatory requirement of 0.25%.

The following table sets forth the details of the movement in NPAs for the periods indicated:

Gross NPA Movement	As of March 31,		
	2019	2020	2021
	(₹ million)		
Opening GNPA	574.68	655.74	446.56
Add: Additions during the year	602.63	411.90	3,095.79
Sub Total – (A)	1,177.31	1,067.64	3,542.35
Less:			
i. Upgradations	162.31	48.75	29.77
ii. Recoveries (excluding recoveries made from upgraded accounts)	60.67	12.75	6.43
iii. Technical or Prudential write-offs	298.59	559.58	353.26
iv. Write-offs other than those under (iii) above	-	-	-
Sub Total –(B)	521.57	621.08	389.46
Closing GNPA Balance	655.74	446.56	3,152.89

The following table sets forth the details of the movement in provisions for the periods indicated:

Provision Movement	As of March 31,		
	2019	2020	2021
	(₹ million)		
Opening Balance	252.83	598.82	335.62
Add: Provisions created during the year	547.94	283.45	2,103.69
Sub Total – (A)	800.77	882.27	2,439.31
Less:			
i. Write-off / (write back) of excess provisions during the year/ period	201.95	546.65	374.60
Sub Total –(B)	201.95	546.65	374.60
Closing Balance	598.82	335.62	2,064.71

Upgradations of loan accounts classified as NPA

If arrears of interest and principal are paid in full by the borrower in the case of loan accounts classified as NPAs, the account will no longer be treated as non-performing and be classified as ‘standard’ accounts. For loans other than term loans, only the interest portion received and fulfilment of prescribed covenants would lead to the account being classified as ‘regular’.

Restructuring of Advances

The table below sets out the details of our restructured advances across our products, as of March 31, 2021:

Product	Customers	Amount (₹ million)
Microbanking Loans	92,756	2,608.63
Housing Loans	4	10.53
Retail Loans	20	13.24
Total	92,780	2,632.40

Certain loans of the Bank, where the repayment terms of existing advances have been revised in order to extend the repayment period and/ or decrease the instalment amount (other than on account of a prepayment) and/ or reduction in interest rate as per the borrower’s request shall be marked as rescheduled loans. For the avoidance of doubt, any reduction in rate of interest for floating rate loans due to change in the benchmark rate or as part of covenant or due to improvement in its fundamental does not amount to restructuring.

We consider a restructured account, if any, as one where we, for economic or legal reasons relating to the borrower's financial difficulty, grant to the borrower concessions that we would not otherwise consider but an account that would be *prima facie* revived and stand on normal footing upon the restructuring including concessions. Restructuring would normally involve modification of terms of the advance/ securities, which would generally include, among others, alteration of repayment period/ repayable amount/ the amount of instalments/ rate of interest (due to reasons other than competitive and regulatory reasons). However, extension in repayment tenure of a floating rate loan on reset of interest rate, so as to keep the equated monthly instalment (EMI) unchanged, provided it is applied to a class of accounts uniformly, will not render the account to be classified as

‘restructured account’. In other words, extension or deferment of EMIs to individual borrowers as against to an entire class, would render the accounts to be classified as ‘restructured accounts’.

Restructured accounts are classified as such by us only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of the asset is made. Restructuring of an account, if any, is done at a account level. Non-performing advances are written-off in accordance with our policies. Recoveries from bad debts written-off are recognised in the Profit and Loss Account and included under ‘Other Income’.

This may result in immediate down-gradation of the loan to the next level, unless the Asset categorisation benefit is specifically allowed by Reserve Bank of India. For instance, a standard loan will become sub-standard and attract provisions as per the asset classification and subsequent provisioning norms. The NPAs, upon restructuring, would continue to have the same asset classification as prior to restructuring and slip into further lower asset classification categories as per extant asset classification norms with reference to the pre-restructuring repayment schedule. If such account classified as NPA performs regularly, it will be upgraded after satisfactory performance during the specified period.

The erosion in the fair value of the advance is computed as the difference between the fair value of the loan before and after restructuring. Fair value of the loan before restructuring is computed as the present value of cash flows representing the interest at the existing rate charged on the advance before restructuring and the principal, discounted at the existing interest rate as on the date of restructuring. Fair value of the loan after restructuring is computed as the present value of cash flows representing the interest at the rate charged on the advance on restructuring and the principal, discounted at the existing interest rate on the date of restructuring.

Additional finance approved under the resolution plan is treated as ‘standard asset’ during the specified period, provided the account performs satisfactorily during the specified period. If the restructured asset fails to perform satisfactorily during the specified period or does not qualify for upgradation at the end of the specified period, the additional finance shall be placed in the same asset classification category as the restructured debt.

‘Specified period’ means the period from the date of implementation of resolution plan up to the date by which at least 20% of the outstanding principal debt as per the resolution plan and interest capitalisation sanctioned as part of the restructuring, if any, is repaid.

Provided that the specified period cannot end before one year from the commencement of the first payment of interest or principal (whichever is later) on the credit facility with longest period of moratorium under the terms of the resolution plan.

NPA Management

The Bank is committed to efficiently managing and reducing its NPAs and has implemented the following measures to manage and reduce its NPA ratio:

- The Bank has laid down processes to review portfolio quality on monthly basis. Portfolio quality is reviewed on various parameters like bounce rates, overdue position, rolled backward and rolled forward, portfolio at risk, NPA levels, etc. The collection management process includes multilevel structured reviews of the collection team at defined intervals. The market feedback coming from the field teams is utilised by the supervisors for planning appropriate action.
- The data available from credit bureau is constantly analysed to track the level of indebtedness among customers. It also helps track borrower behaviour and consistency of information submitted by borrowers.
- The Bank also has a recovery team focused on NPAs and written-off accounts in microbanking and early interventions for other verticals.

Productivity and Other Ratios

The following tables sets forth certain information relating to our productivity and other ratios:

	As of March 31,		
	2019	2020	2021
Banking Outlets	436	507	558
Business Correspondents	4	6	9
ATMs	124	177	210
Total number of employees	6,282	8,831	10,361
Gross Loan Portfolio per employee (₹ million)	7.55	7.54	8.12
Gross Loan Portfolio per Banking Outlet (₹ million)	108.75	131.36	150.82
Total Accounts	2.42	3.04	3.67
- Borrower Accounts (in million)	2.22	2.53	2.61
- Deposit Accounts (in million)	0.20	0.51	1.07
Current Accounts	0.01	0.01	0.02
Savings Accounts	0.16	0.41	0.86
Term Deposits	0.03	0.09	0.19
Disbursements per Banking Outlet (₹ million)	104.14	129.37	105.99
Disbursements per employee (₹ million)	7.23	7.43	5.71
Deposits per employee (₹ million)	6.04	5.93	7.25
Deposits per Banking Outlet (₹ million)	86.96	103.26	134.54

* Non-annualized.

The following tables sets forth information relating to our customer base:

	As of March 31,		
	2019	2020	2021
Only Borrowers	2,152,552	2,317,941	20,20,686
Only Depositors	112,051	225,087	3,76,652
Both Borrowers and Depositors	69,182	207,375	5,04,904
Of Only Depositors:			
CASA Customers*	108,915	217,987	3,62,040
Term Deposit Customers	12,705	25,584	44,311

The following tables set forth information relating to our digital banking channels:

	As of and for the year ended March 31,		
	2019	2020	2021
Total Debit Cards Issued	169,464.00	407,712.00	8,24,699.00
No. of Active Debit Cards	48,815.00	129,072.00	2,21,138.00
- As a percentage of total debit cards issued	28.81%	31.66%	26.81%
Number of Debit Card Transactions	896,455.00	1,808,148.00	21,63,229
- As a percentage of total alternate banking transactions	91.04%	89.30%	82.42%
Value of Debit Card Transactions (₹ million)	2,415.71	4,945.31	6,065.52
Number of Internet Banking Transactions	83,586.00	209,617.00	2,58,786
- As a percentage of total alternate banking transactions	8.49%	10.35%	9.86%
Value of Internet Banking Transactions (₹ million)	1,162.47	3,087.71	4,777.52
Number of Mobile Banking Transactions	4,964.00	7,061.00	2,02,504
- As a percentage of total alternate banking transactions	0.48%	0.35%	7.72%
Value of Mobile Banking Transactions (₹ million)	65.26	136.43	3,030.30

FINANCIAL STATEMENTS

Independent Auditor's Examination Report on Restated Financial Information

The Board of Directors
Utkarsh Small Finance Bank Limited
S-24/1-2, First Floor,
Mahavir Nagar,
Orderly Bazar,
Varanasi-221 002 (U.P.), India

Dear Sirs / Madams,

1. We have examined the attached Restated Financial Information of **Utkarsh Small Finance Bank Limited** (the "Bank"), comprising the Restated Summary Statement of Assets and Liabilities as at March 31, 2021, 2020 and 2019, the Restated Summary Statements of Profit and Loss and Cash Flows for the years ended March 31, 2021, 2020 and 2019, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Bank at their meeting held on April 25, 2021, for the purpose of inclusion in the addendum to the Draft Red Herring Prospectus ("DRHP addendum"), prepared by the Bank in connection with its proposed Initial Public Offer of equity shares of face value of Rs.10 each ("IPO") in terms of the requirements of:
 - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
 - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

Board of Directors Responsibility for the Restated Financial Information

2. The Bank's Board of Directors are responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the DRHP addendum to be filed with Securities and Exchange Board of India in connection with the proposed IPO. The Restated Financial Information have been prepared by the management of the Bank on the basis of preparation stated in Annexure 22(2) to the Restated Financial Information. The Board of Directors of the Bank are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Bank complies with the Act, ICDR Regulations and the Guidance Note.

Auditor's Responsibility

3. We have examined such Restated Financial Information taking into consideration:
 - a) the terms of reference and our engagement agreed upon with you in accordance with our engagement letter dated September 10, 2020, requesting us to carry out work on such Restated Financial Information, proposed to be included in the DRHP addendum of the Bank in connection with the proposed IPO of the Bank;
 - b) the Guidance Note, which also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
 - c) concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
 - d) the requirements of Section 26 of the Act and the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

Restated Financial Information as per audited financial statements

4. The Restated Financial Information have been compiled by the management from the audited financial statements of the Bank as at and for the years ended March 31, 2021, 2020 and 2019 prepared in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with the relevant rules issued thereunder in so far as they apply to the Bank, relevant provisions of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time, which have been approved by the Board of Directors at their meetings held on April 25, 2021, May 22, 2020 and May 25, 2019, respectively.
5. For the purpose of our examination, we have relied on:
 - a) Auditors' Report issued by us dated April 25, 2021 on the financial statements of the Bank as at and for the year ended March 31, 2021, as referred in Paragraph 4 above, which includes the following Emphasis of Matter paragraph (also refer Annexure 23.47 of the Restated Financial Information):

"We draw attention to Schedule 18 - Note 18.47 to the interim financial statements which explains that the extent to which COVID-19 pandemic will impact the Bank's operations and financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter."

- b) Auditors' Report issued by us dated May 22, 2020 on the financial statements of the Bank as at and for the year ended March 31, 2020, as referred in Paragraph 4 above, which includes

the following Emphasis of Matter paragraph (also refer Annexure 23.47 of the Restated Financial Information):

“We draw attention to Schedule 18 - Note 18.47 to the financial statements which explains that the extent to which COVID-19 pandemic will impact the Bank’s operations and financial statement is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.”

- c) Auditors’ Report issued by B S R & Associates LLP (“Previous Auditor”) dated May 25, 2019 on the financial statements of the Bank as at and for the year ended March 31, 2019, as referred in Paragraph 4 above.

The audited financial statements for the year ended March 31, 2019 and the Independent Auditors’ Report thereon issued by the Previous Auditor have been furnished to us by the Bank. Upon specific request by the Bank, we have examined and reported on the restated financial information for the year ended March 31, 2019. Our opinion on the Restated Financial Information, in so far as it relates to the amounts, disclosures, material errors, regrouping, reclassification, etc., included in respect of the year ended March 31, 2019 are restricted to and based solely on the audited financial statements and auditor’s report issued by the Previous Auditor for such year. We have not performed any additional procedures other than those stated herein and do not accept any responsibility of whatsoever nature in this regard.

- 6. Based on our examination and according to the information and explanations given to us, we report that:

- a) Restated Financial Information have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2020 and 2019 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2021;
- b) There are no qualifications in the auditors’ reports on the audited financial statements of the Bank as at and for the years ended March 31, 2021, 2020 and 2019, which require any adjustments to the Restated Financial Information. There are items relating to emphasis of matter (refer paragraph 5(a) and 5(b) above), which do not require any adjustment to the Restated Financial Information; and
- c) Restated Financial Information have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

- 7. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 4 above.

- 8. According to the information and explanations given to us, in our opinion, the Restated Financial Information, read with Summary of Significant Accounting Policies disclosed in Annexure 22, accompanying this report, are prepared after making adjustments and regroupings as considered

appropriate and disclosed in Annexure 4 and Annexure 5 respectively, and have been prepared in accordance with the Act, ICDR Regulations, to the extent applicable, and the Guidance Note.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous auditor's reports issued by us or the Previous Auditor, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of this report.

Restriction on Use

11. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP addendum to be filed with Securities and Exchange Board of India in connection with the proposed IPO of the Bank. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W/W100048

Purushottam Nyati
Partner
Membership No. 118970
UDIN: 21118970AAAADC3276

Place: Mumbai
Date: April 25, 2021

Utkarsh Small Finance Bank Limited
Annexure 1: Restated Summary Statement of Assets and Liabilities

(₹ in millions)

Particulars	Annexure	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
CAPITAL AND LIABILITIES				
Capital	6	8,483.34	7,592.72	7,370.50
Reserves and Surplus	7	5,200.19	2,602.27	357.06
Deposits	8	75,075.68	52,352.12	37,913.87
Borrowings	9	26,078.25	26,750.37	14,297.67
Other Liabilities and Provisions	10	6,541.66	4,745.68	2,449.35
Total		1,21,379.12	94,043.16	62,388.45
ASSETS				
Cash and balances with Reserve Bank of India	11	2,749.38	1,916.58	1,575.73
Balances with banks and money at call and short notice	12	8,948.78	14,223.95	3,590.59
Investments	13	23,139.35	11,923.88	8,622.07
Advances	14	82,168.58	62,815.96	46,681.65
Fixed Assets	15	1,811.71	1,314.18	898.82
Other Assets	16	2,561.32	1,848.61	1,019.59
Total		1,21,379.12	94,043.16	62,388.45
Contingent Liabilities	17	620.73	199.45	178.69
Bills for Collection		-	-	-
Significant accounting policies	22			
Notes to Restated Financial Information	23			

Annexures referred to above form an integral part of the Financial statements. The Balance Sheet has been prepared in conformity with Form 'A' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date
for **Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

For and on behalf of the Board of Directors of
Utkarsh Small Finance Bank Limited
CIN: U65992UP2016PLC082804

Purushottam Nyati
Partner
Membership No. 118970

Kajal Ghose
Director
DIN : 07702190

P. H. Ravikumar
Director
DIN : 00280010

Govind Singh*
Managing Director & CEO
DIN : 02470880

Mukund Barsagade
Chief Financial
Officer
FCA 048560

Nutan Rane
Company Secretary
ACS 20260

Place : Mumbai
Date : 25 April 2021

Place : Mumbai / *Gurugram
Date : 25 April 2021

Utkarsh Small Finance Bank Limited
Annexure 2: Restated Summary Statement of Profit and Loss

(₹ in millions)

Particulars		Annexure	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
I	INCOME				
	Interest Earned	18	15,809.87	13,076.87	9,002.04
	Other Income	19	1,441.50	985.55	580.46
	Total		17,251.37	14,062.42	9,582.50
II	EXPENDITURE				
	Interest Expended	20	7,417.41	5,794.63	3,831.19
	Operating Expenses	21	5,450.57	4,764.83	3,282.17
	Provisions and Contingencies		3,265.24	1,635.53	1,360.46
	Total		16,133.22	12,194.99	8,473.82
III	PROFIT				
	Net Profit for the year		1,118.15	1,867.43	1,108.68
	Balance in Profit and Loss account brought forward		1,454.83	97.10	(763.69)
	Total		2,572.98	1,964.53	344.99
IV	APPROPRIATIONS				
	Transfer to Statutory Reserve		279.54	466.86	234.72
	Transfer to Investment Fluctuation Reserve		136.66	39.25	13.17
	Transferred to Capital Reserve		84.30	3.59	-
	Balance carried over to Balance Sheet		2,072.48	1,454.83	97.10
V	EARNINGS PER EQUITY SHARE	23.9			
	Basic EPS (₹)		1.46	2.49	1.62
	Diluted EPS (₹)		1.46	2.49	1.62
	Face Value per share (₹)		10.00	10.00	10.00
	Significant accounting policies	22			
	Notes to Restated Financial Information	23			

Annexures referred to above form an integral part of the Financial statements. The Profit and Loss Account has been prepared in conformity with Form 'B' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date
for **Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

For and on behalf of the Board of Directors of
Utkarsh Small Finance Bank Limited
CIN: U65992UP2016PLC082804

Purushottam Nyati
Partner
Membership No. 118970

Kajal Ghose
Director
DIN : 07702190

P. H. Ravikumar
Director
DIN : 00280010

Govind Singh*
Managing Director & CEO
DIN : 02470880

Mukund Barsagade
Chief Financial Officer
FCA 048560

Nutan Rane
Company Secretary
ACS 20260

Place : Mumbai
Date : 25 April 2021

Place : Mumbai / *Gurugram
Date : 25 April 2021

Utkarsh Small Finance Bank Limited
Annexure 3: Restated Summary Statement of Cash Flows

(₹ in millions)

S.No	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
I	Cash flow from operating activities			
	Profit before taxes	1,514.36	2,504.16	1,657.88
	Adjustments for:-			
	Depreciation on fixed assets	295.77	254.08	184.65
	Depreciation on investments, net	193.01	0.62	(9.16)
	Amortization of premium on Held to Maturity Investment	105.63	74.69	51.16
	Profit on sale & Redemption of HTM portfolio	(150.26)	(6.89)	(0.22)
	Unrealised loss/gain on external commercial borrowings	(18.48)	9.13	21.43
	Write-off of non performing advances	352.37	559.58	298.59
	Impact of other Restatement adjustments (net)	-	-	(185.63)
	Provision for standard advances and other contingencies	601.56	739.44	55.26
	Provision for non performing advances (net of reversal)	1,714.53	(300.84)	336.78
	Loss/ (Profit) on sale of fixed assets (net)	0.21	0.19	(21.61)
	Other provisions and write off	24.08	38.66	120.43
		4,632.78	3,872.82	2,509.54
	Adjustments for:-			
	(Increase) in investments	(6,832.88)	(604.57)	(457.72)
	(Increase) in advances	(21,419.51)	(16,393.05)	(16,299.84)
	Decrease / (increase) in other assets	430.79	(829.92)	(234.23)
	Increase in deposits	22,723.56	14,438.26	15,975.20
	Increase in other liabilities and provisions	593.65	1,559.03	712.82
		(4,504.39)	(1,830.25)	(303.77)
	Payment of direct taxes	(963.02)	(890.50)	(23.87)
	Net cash flow (used in)/generated from operating activities (A)	(834.63)	1,152.07	2,181.90
II	Cash flow from/(used in) investing activities			
	Purchase of fixed assets including capital work in progress	(793.68)	(455.91)	(309.86)
	Proceeds from sale of fixed assets	0.17	0.14	142.40
	Purchase of held to maturity securities	(4,530.97)	(2,765.66)	(1,593.46)
	Net cash flow (used in) investing activities (B)	(5,324.48)	(3,221.43)	(1,760.92)
III	Cash flow from/(used in) Financing Activities			
	Proceeds from issue of share capital (net of share issue expenses)	2,370.38	600.00	-
	Net proceeds/ (repayments) from borrowings	(653.64)	12,443.56	(942.22)
	Net cash flow (used in)/generated from financing activities (C)	1,716.74	13,043.56	(942.22)
IV	Net increase/ (decrease) in cash and cash equivalents (A) + (B) + (C)	(4,442.37)	10,974.20	(521.24)
V	Cash and cash equivalents at the beginning of the year	16,140.53	5,166.33	5,687.57
VI	Cash and cash equivalents at the end of the year	11,698.16	16,140.53	5,166.33
	Notes to the Cash Flow Statement:			
	Cash and cash equivalents includes the following:			
(i)	Cash and Balances with Reserve Bank of India (Refer Annexure 11)	2,749.38	1,916.58	1,575.73
(ii)	Balances with Banks in Current Accounts (Refer Annexure 12)	648.78	173.95	340.60
(iii)	Money at Call and Short Notice (Refer Annexure 12)	8,300.00	14,050.00	3,250.00
	Cash and cash equivalents at the end of the year	11,698.16	16,140.53	5,166.33

The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 - Cash Flow Statements specified under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

As per our report of even date
for **Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

For and on behalf of the Board of Directors of
Utkarsh Small Finance Bank Limited
CIN: U65992UP2016PLC082804

Purushottam Nyati
Partner
Membership No. 118970

Kajal Ghose
Director
DIN : 07702190

P. H. Ravikumar
Director
DIN : 00280010

Govind Singh*
Managing Director & CEO
DIN : 02470880

Mukund Barsagade
Chief Financial Officer
FCA 048560

Nutan Rane
Company Secretary
ACS 20260

Place : Mumbai
Date : 25 April 2021

Place : Mumbai / *Gurugram
Date : 25 April 2021

Utkarsh Small Finance Bank Limited
Annexures forming part of the Restated Summary Statement of Assets and Liabilities

Annexure 6 - Restated Statement of Capital

(₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Authorised Capital			
1,300,000,000 Equity shares of ₹10/- each (31 March 2020: 1,000,000,000 Equity shares of ₹10/- each, 31 March 2019: 1,000,000,000 Equity shares of ₹10/- each)	13,000.00	10,000.00	10,000.00
200,000,000 Preference shares of ₹10/- each (31 March 2020 and 2019: Nil)	2,000.00	-	-
Issued, subscribed and fully paid-up capital			
848,333,869 Equity shares of ₹10/- each (31 March 2020: 759,272,222 Equity shares of ₹10/- each, 31 March 2019: 73,70,50,000 Equity shares of ₹10/- each)	8,483.34	7,592.72	7,370.50
TOTAL	8,483.34	7,592.72	7,370.50

Annexure 7 - Restated Statement of Reserves and Surplus

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1. Statutory Reserve (created pursuant to Sec 17(2) of Banking Regulation Act, 1949)			
Opening balance	713.66	246.80	12.08
Addition during the year	279.54	466.86	234.72
Deduction during the year	-	-	-
Closing Balance	993.20	713.66	246.80
2. Investment Fluctuation Reserve			
Opening balance	52.41	13.17	-
Addition during the year	136.66	39.24	13.17
Deduction during the year	-	-	-
Closing Balance	189.07	52.41	13.17
3. Balance in Profit and Loss Account	2,072.48	1,454.83	97.10
4. Share Premium			
Opening balance	377.78	-	-
Addition during the year	1,514.05	377.78	-
Deduction during the year	34.28	-	-
Closing Balance	1,857.55	377.78	-
5. Capital Reserve #			
Opening balance	3.59	-	-
Addition during the year	84.30	3.59	-
Closing Balance	87.89	3.59	-
TOTAL (1 to 5)	5,200.19	2,602.27	357.06

Amount transferred to capital reserve represents gain on sale of HTM investments

Annexure 8 - Restated Statement of Deposits

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
A. 1. Demand Deposits			
i) From banks	60.16	78.25	81.70
ii) From others	1,537.56	1,113.37	780.55
Total	1,597.72	1,191.62	862.25
2. Savings Bank Deposits	11,672.20	5,875.02	2,932.11
3. Term Deposits			
i) From banks	22,261.62	18,390.20	15,408.10
ii) From others	39,544.14	26,895.28	18,711.41
Total	61,805.76	45,285.48	34,119.51
TOTAL (1 to 3)	75,075.68	52,352.12	37,913.87
B. i. Deposits of branches in India	75,075.68	52,352.12	37,913.87
ii. Deposits of branches outside India	-	-	-
TOTAL	75,075.68	52,352.12	37,913.87

Utkarsh Small Finance Bank Limited
Annexures forming part of the Restated Summary Statement of Assets and Liabilities (continued)

Annexure 9 - Restated Statement of Borrowings

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1. Borrowings in India			
i) Reserve Bank of India	870.00	980.00	-
ii) Other banks	100.00	1,000.00	1,209.09
iii) Other institutions and agencies *			
a) Government of India	-	-	-
b) Financial institutions	21,019.90	22,515.00	7,625.00
iv) Borrowing in the form of bonds and debentures (excluding subordinated debt)	-	-	1,395.00
v) Capital instruments			
a) Hybrid debt capital instruments issued as debentures (not qualifying as Tier 2 capital)	-	-	-
b) Borrowing in the form of bonds and debentures (subordinated debt qualifying as Tier 2 capital)	2,350.00	400.00	400.00
vi) Other borrowings**	146.96	166.21	173.70
Total borrowings in India	24,486.86	25,061.21	10,802.79
2. Borrowings outside India #			
i) Capital instruments			
a) Unsecured redeemable debentures/bonds (subordinated debt included in Tier 2 capital)	1,500.00	1,500.00	1,500.00
ii) Debentures	-	-	1,735.55
iii) Other borrowings	91.39	189.16	259.33
Total borrowings outside India	1,591.39	1,689.16	3,494.88
TOTAL (1 + 2)	26,078.25	26,750.37	14,297.67
Secured borrowings included in 1 and 2 above	981.39	1,213.96	784.88

* Borrowing from other institutions and agencies include subordinated debt of ₹ Nil (31 March 2020: ₹ 100 millions, 31 March 2019: ₹ Nil) in the nature of term loan

** Represents payable under lease obligation.

Borrowing from outside India include subordinated debt of ₹ 1500 millions in the nature of Non Convertible Debenture.

Annexure 10 – Restated Statement of Other Liabilities and Provisions

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1. Bills payable	387.40	85.59	5.78
2. Inter office adjustments (net)	-	-	-
3. Interest accrued	2,881.99	2,329.73	1,318.52
4. Provision against standard assets	383.46	310.67	122.45
5. Others (including provisions)	2,888.81	2,019.69	1,002.60
TOTAL (1 to 5)	6,541.66	4,745.68	2,449.35

Annexure 11 – Restated Statement of Cash and balances with Reserve Bank of India

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1. Cash in hand (including cash at ATM)	627.42	412.74	239.52
2. Balances with Reserve Bank of India			
i) In current account	2,121.96	1,503.84	1,336.21
ii) In other accounts	-	-	-
TOTAL (1 + 2)	2,749.38	1,916.58	1,575.73

Annexure 12 – Restated Statement of Balance with banks and money at call and short notice

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1. In India			
i) Balances with banks			
a) In current accounts	620.21	138.12	198.74
b) In other deposit accounts	28.57	35.83	141.85
ii) Money at call and short notice			
a) With banks	8,300.00	14,050.00	3,250.00
b) With other institutions	-	-	-
Total (i+ii)	8,948.78	14,223.95	3,590.59
2. Outside India			
In current accounts	-	-	-
In other deposits accounts	-	-	-
Money at call and short notice	-	-	-
Total	-	-	-
TOTAL (1 + 2)	8,948.78	14,223.95	3,590.59

Annexure 13 – Restated Statement of Investments

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1. Investments in India (net of provisions)			
i) Government securities *	21,487.34	11,923.88	7,923.11
ii) Debentures and bonds	1,168.30	-	200.00
iii) Others (certificate of deposits and mutual funds)	483.71	-	498.96
Total	23,139.35	11,923.88	8,622.07
2. Investments outside India (net of provisions)			
i) Government securities	-	-	-
ii) Subsidiaries / joint ventures outside India	-	-	-
iii) Others (equity shares and bonds)	-	-	-
Total	-	-	-
TOTAL (1 + 2)	23,139.35	11,923.88	8,622.07
3. Value of Investments			
i) Gross value of investments			
a) In India	23,332.98	11,924.50	8,622.07
b) Outside India	-	-	-
	23,332.98	11,924.50	8,622.07
ii) Provision for depreciation			
a) In India	193.63	0.62	-
b) Outside India	-	-	-
	193.63	0.62	-
iii) Net value of investments			
a) In India	23,139.35	11,923.88	8,622.07
b) Outside India	-	-	-
	23,139.35	11,923.88	8,622.07

* Include securities of ₹ 6478.60 millions (31 March 2020: ₹304.08 millions, 31 March 2019: ₹54.5 millions) pledged for clearing facilities and margin requirement.

Utkarsh Small Finance Bank Limited
Annexures forming part of the Restated Summary Statement of Assets and Liabilities (continued)

Annexure 14 – Restated Statement of Advances (net of provisions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
A.			
i) Bills purchased and discounted	-	-	-
ii) Cash credits, overdrafts and loans repayable on demand	668.32	391.30	1,265.65
iii) Term loans	81,500.26	62,424.66	45,416.00
Total	82,168.58	62,815.96	46,681.65
B.			
i) Secured by tangible assets (includes advances against fixed deposits and book debts)	11,355.94	5,236.41	4,396.27
ii) Covered by Bank/Government guarantees	1.51	-	-
iii) Unsecured	70,811.13	57,579.55	42,285.38
Total	82,168.58	62,815.96	46,681.65
C.1 Advances in India			
i) Priority sector*	70,592.07	57,369.46	42,073.72
ii) Public sector	-	-	-
iii) Banks	-	39.07	950.54
iv) Others	11,576.51	5,407.43	3,657.39
Total	82,168.58	62,815.96	46,681.65
C.2 Advances Outside India			
i) Due from banks	-	-	-
ii) Due from others	-	-	-
a) Bills purchases and discounted	-	-	-
b) Syndicated loans	-	-	-
c) Others	-	-	-
Total	-	-	-
TOTAL (C.1 + C.2)	82,168.58	62,815.96	46,681.65

*Refer Annexure 23.28

Annexure 15 – Restated Statement of Fixed Assets

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1. Premises			
i) At cost at 31st March of the preceding year	121.20	121.20	121.20
ii) Additions during the year	-	-	-
iii) Deductions during the year	-	-	-
iv) Accumulated depreciation to date	-	-	-
Total	121.20	121.20	121.20
2. Other Fixed Assets (including furniture and fixtures)			
i) At cost at 31st March of the preceding year	1,337.17	917.01	647.30
ii) Additions during the year	440.61	464.73	275.03
iii) Deductions during the year	1.05	44.58	5.30
iv) Accumulated depreciation to date	764.20	502.27	321.21
Total	1,012.53	834.89	595.82
3. Leased Assets			
i) At cost at 31st March of the preceding year	226.98	208.98	355.20
ii) Additions during the year	11.07	18.01	12.95
iii) Deductions during the year	-	-	137.43
iv) Accumulated depreciation to date	119.03	85.86	76.49
Total	119.02	141.14	154.23
4. Capital Work in Progress	558.96	216.95	27.58
TOTAL (1 to 4)	1,811.71	1,314.18	898.82

Annexure 16 – Restated Statement of Other Assets

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1. Inter-office adjustment (net)	-	-	7.48
2. Interest accrued	743.58	818.83	396.40
3. Tax Paid in advance/tax deducted at source (net of provision)	325.08	95.37	50.14
4. Stationery and stamps	-	-	-
5. Non-banking assets acquired in satisfaction of claims	-	-	-
6. Deferred Tax Asset (net)	579.71	375.14	150.67
7. Others	912.95	559.27	414.90
TOTAL (1 to 7)	2,561.32	1,848.61	1,019.59

Annexure 17 – Restated Statement of Contingent Liabilities

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1. Claims against the bank not acknowledged as debts	-	-	-
2. Liability for partly paid investment	-	-	-
3. Liability on account of outstanding forward exchange contracts	-	-	-
4. Liability on account of outstanding derivative contracts	-	-	-
5. Guarantees given on behalf of constituents	-	-	-
i) In India	213.05	-	0.04
ii) Outside India	-	-	-
6. Acceptances, endorsements and other obligations	-	-	-
7. Other items for which the bank is contingently liable (refer note 2)	407.68	199.45	178.65
TOTAL (1 to 7)	620.73	199.45	178.69

Note 1: The Supreme Court of India in its judgement in the case of The Regional Provident Fund Commissioner (ii) West Bengal v/s Vivekananda Vidyamandir and others on 28 February 2019 has clarified that any emolument paid universally, necessarily and ordinarily to all employees across the board is to be considered as basic wage and accordingly needs to be considered for calculation of Provident Fund contribution. The Bank would record any further effect in its financial statements, in the period in which it receives additional clarity on the said subject, if necessary and the effect of this order has been taken into effect from 1 April 2019.

Note 2: Includes capital commitment of ₹392.65 millions (31 March 2020: ₹184.96 millions, 31 March 2019: ₹ 55.66 millions)

Utkarsh Small Finance Bank Limited
Annexures forming part of the Restated Summary Statement of Profit and Loss

Annexure 18– Restated Statement of Interest Earned

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
1. Interest / discount on advances / bills	13,857.44	11,922.73	8,255.15
2. Income on investments	1,486.92	947.58	614.60
3. Interest on balance with Reserve Bank of India and Other inter bank funds	465.18	205.55	130.77
4. Others	0.33	1.01	1.52
TOTAL (1 to 4)	15,809.87	13,076.87	9,002.04

Annexure 19– Restated Statement of Other Income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
1. Commission, exchange and brokerage	366.23	284.49	165.00
2. Profit/(Loss) on sale/redemption of Investments (net)	151.63	7.50	(16.52)
3. Miscellaneous Income*	923.64	693.56	431.98
TOTAL (1 to 3)	1,441.50	985.55	580.46

* includes fee received on sale of PSLCs of ₹ 637.30 millions (31 March 2020: 452.70 millions, 31 March 2019: 242.80 millions)

Annexure 20– Restated Statement of Interest Expended

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
1. Interest on deposits	4,795.46	4,136.77	2,338.98
2. Interest on Reserve Bank of India / Inter-bank borrowings	64.17	58.17	159.99
3. Others*	2,557.78	1,599.69	1,332.22
TOTAL (1 to 3)	7,417.41	5,794.63	3,831.19

* includes fee paid on purchase of PSLCs of NIL (31 March 2020: NIL, 31 March 2019: ₹ 30.30 millions)

Annexure 21– Restated Statement of Operating Expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
1. Payments to and provisions for employees	3,262.04	2,621.61	1,865.73
2. Rent, taxes and lighting	354.99	349.11	208.31
3. Printing and stationery	91.73	109.19	54.39
4. Advertisement and publicity	17.70	55.44	55.86
5. Depreciation on Bank's property	295.77	254.08	184.65
6. Director's fees allowances and expenses	13.72	9.77	17.79
7. Auditors' fees and expenses	13.03	13.36	13.91
8. Law charges	100.46	145.37	18.91
9. Postage, telegrams, telephones, etc.	111.20	89.35	69.47
10. Repairs and maintenance	92.89	122.83	72.44
11. Insurance	52.67	28.31	2.32
12. Other expenditure*	1,044.37	966.41	718.39
TOTAL (1 to 12)	5,450.57	4,764.83	3,282.17

* Includes service charges for core banking software and ATM, traveling and other expenses

Utkarsh Small Finance Bank Limited
Annexure 4: Restated Statement of Adjustments to Audited Financial Statements

A. Summarised below are the restatement adjustments made to the Audited Financial Statements for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and their impact on the profit of the Bank:

Particulars		For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
I	Profit after tax as per audited financial statements	1,118.15	1,867.43	938.87
II	Impact of Adjustments as per ICDR Regulations:			
	1 Change in Accounting policy		-	15.28
	2 Restatement of prior period item*		-	163.89
	3 Deferred tax on above		-	(9.37)
	Total Impact of Adjustments	-	-	169.80
III	Profit after adjustments (As per Restated Summary Statement of Profit and Loss)	1,118.15	1,867.43	1,108.67

B. Reconciliation of Balance in Profit and Loss Account as on 01 April 2018:

Particulars		(₹ in millions) Amount
Balance as at 01 April 2018 - As per audited financial statements		(593.89)
Adjustment on account of restatements:		
Change in Accounting policy		(15.28)
Restatement of prior period item*		(163.89)
Deferred tax on above		9.37
Balance as at 01 April 2018 - As per Restated Financial Information		(763.69)

* Prior period items mainly consists of interest expenses and interest income.

Notes:

- 1 The tax rate applicable for the respective year of adjustment has been used to calculate the deferred tax impact on restatement adjustments.
- 2 There are no audit qualifications to audited financial statements.
- 3 In the audited financial statements of the Bank for the year ended 31 March 2019, the Bank changed the accounting policy to recognise floating provision at 20% of provision on standard assets.

Utkarsh Small Finance Bank Limited
Annexure 5: Regrouping and Reclassifications

Appropriate adjustments have been made in the restated summary statement of assets and liabilities, restated summary statement of profit and loss and restated summary statement of cash flows in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended), by reclassification of the corresponding items of income, expense, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Bank as at and for the year ended March 31, 2021.

Regrouping for the year ended 31 March 2019 (₹ in millions)

Particulars	As per Audited Financial Statements	Changes due to Regrouping	As per Restated Summary Statements
Income & Expenses			
- Income on investments	596.54	18.06	614.60
- Miscellaneous Income	450.04	(18.06)	431.98
- Other Borrowing costs	1,319.77	4.20	1,323.97
- Rent, taxes and lighting	212.51	(4.20)	208.31
Assets & Liabilities			
- Advances	46,657.16	24.49	46,681.65
- Other Liability and provisions	2,424.86	24.49	2,449.35

Regrouping for the year ended 31 March 2020 (₹ in millions)

Particulars	As per Audited Financial Statements	Changes due to Regrouping	As per Restated Summary Statements
Assets			
- Other assets	2,064.81	(216.20)	1,848.60
- Fixed assets	1,097.98	216.20	1,314.18

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

Annexure 22 – Significant accounting policies

1 Background

Utkarsh Small Finance Bank Limited (“Company” or “the Bank”), incorporated on 30 April 2016 in India, is a Small Finance Bank (‘SFB’) engaged in providing banking and financial services and governed by the Banking Regulation Act, 1949. The Bank had commenced its banking operations from 23 January 2017. Scheduled Bank status was accorded by Reserve Bank of India vide notification no. DBR.NBD. (SFB-UMFL). No.2689/16.13.216/2017-2018 dated 4 October 2017 and was published in the Gazette of India on 7 November 2017. The Bank is a wholly owned subsidiary of Utkarsh Core Invest Limited (“the Holding Company”).

The Reserve Bank of India (“RBI”) issued license no. MUM: 125 on 25 November 2016 to the Company to carry on business as SFB with certain terms and conditions. Pursuant to the condition attached in the approval for small finance bank, the Holding Company entered into a business transfer agreement (“BTA”) and transferred its micro finance business to the Bank. Pursuant to the BTA all the assets and liabilities (except certain specified assets and liabilities) as at 21 January 2017 of the Holding Company were transferred to the Bank at book value based on slump sale basis for cash consideration of ₹685.10 millions. Pursuant to BTA, all the employees of the Holding Company (except certain employees) were transferred to SFB on the same employment terms and rights granted under employee stock option scheme of the Holding Company are continued in SFB. Resultant, non-convertible debentures listed on the stock exchange were also transferred in the name of the Bank and a transfer was effected by the exchange effective 3 May 2017.

2 Basis of preparation

The Restated Financial Information of the Company has been prepared for inclusion in the addendum to the Draft Red Herring Prospectus (DRHP) to be filed by the Company with the Securities and Exchange Board of India (“SEBI”) in connection with the proposed Initial Public Offering (‘IPO’) of equity shares of the Company (referred to as the “Issuer”). The Restated Financial Information comprise of the Restated Summary Statement of Assets and Liabilities as at 31 March 2021, 31 March 2020 and 31 March 2019, the Restated Summary Statements of Profit and Loss and Cash Flows for the year then ended, and the Summary Statement of Significant Accounting Policies and other explanatory information thereon (hereinafter collectively referred to as the “**Restated Financial Information**” or “**financial statements**”).

The Restated Financial Information have been prepared to comply in all material respects with the requirements of:

- 1) Section 26 of Part I of Chapter III of the Companies Act, 2013 as amended (“the Act”),
- 2) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time (“SEBI ICDR Regulations”); and
- 3) The Guidance Note on Report in Company Prospectus (Revised 2019) issued by Institute of Chartered Accountants of India (referred to as ‘the Guidance note’)

These Restated Financial Information have been compiled by the Management from the audited financial statements of the Bank as at and for the years ended 31 March 2021, 2020 and 2019 prepared in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with the relevant rules issued thereunder in so far as they apply to the Bank, relevant provisions of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India (“RBI”) from time to time, which have been approved by the Board of Directors at their meetings held on 25 April 2021, 22 May 2020 and 25 May 2019, respectively.

The accompanying Restated Financial Information have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (“Indian GAAP”), the circulars and guidelines issued by RBI from time to time, the Accounting Standards notified under Section 133 of the Act (as amended from time to time) to the extent applicable, and practices generally prevalent in the banking industry in India.

The Restated Financial Information:

- a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended 31 March 2020 and 2019 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended 31 March 2021;
- b) do not require any adjustment for modification as there is no modification in the underlying audit reports. There are items relating to emphasis of matter in the auditor's reports dated 25 April 2021 and 22 May 2020 on the audited financial statements for the year ended 31 March 2021 and 31 March 2020 respectively, which do not require any adjustment to the Restated Financial Information; and
- c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

As mandated by the RBI directive, the Bank needs to list itself by 17 June 2021. The Board of Directors of the Bank in their meeting held on 16 February 2021 have approved a proposal for an Initial Public Offer (IPO) of its equity shares, subject to receipt of requisite regulatory approvals and prevailing market conditions.

3 Use of estimates

The preparation of the financial statements in conformity with the Indian GAAP requires the management to make estimates and assumptions that are considered in the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and reported income and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management’s evaluation of the relevant facts and circumstances as of the date of the financial statements and the management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

4 Significant accounting policies

The accounting policies adopted in the preparation of financial statements are consistent with those of the audited financial statements for the year ended 31 March 2021.

A Revenue Recognition

- a) Interest income on loan portfolio is recognised in the Profit and Loss account on accrual basis, however interest on delayed payment of principal for Micro Finance (JLG) customers will be recognized on collection basis except for the moratorium period (i.e. March 2020 to August 2020) and on Restructuring where uncollected interest income has been capitalised & income is recognised based on accrual till the date of moratorium and restructuring as applicable, taking into account the amount outstanding and rate applicable except in the case of interest on Non- Performing Advances (NPA) where it will be recognized upon realization as per the prudential norms of RBI.
- b) Recoveries in respect of all past due loan accounts including classified as NPA are to be appropriated towards charges, interest, overdue and thereafter towards principal except for micro finance (JLG) loans where such recoveries would be appropriated towards instalment(s) outstanding.
- c) Fees paid / received for priority sector lending certificates (PSLC) is recognised upfront.
- d) Recoveries in respect of debts written off are recognized in the year in which such amounts are recovered and the same are disclosed under “Other Income”
- e) Profit / premium arising at the time of securitization / assignment of loan portfolio is amortized over the life of the underlying loan portfolio / securities and any loss arising therefrom is recognized immediately. Income from interest strip (excess interest spread) is recognized in the profit and loss account net of any losses when redeemed in cash. Interest retained under assignment of loan receivables is recognized on realization basis over the life of the underlying loan portfolio.
- f) Loan processing fees collected from the borrowers is recognized over the tenure of the loan.
- g) Interest on term deposits is accrued on time proportion basis, using the underlying interest rate.
- h) Documentation and monitoring charges collected from borrowers are accounted upfront when it becomes due.
- i) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.
- j) Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- k) All other fees are accounted for as and when they become due.

B Advances

i) Accounting and Classification

Advances are stated net of bills rediscounted and provisions made in respect of NPA’s. Advances are classified as performing and NPA based on the relevant RBI guidelines.

ii) Provisioning

Provisions in respect of non-performing and restructured advances are made based on management’s assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification & Provisioning prescribed from time to time. The Bank also maintains provision on standard assets to cover potential credit losses which are inherent in any loan portfolio in accordance with RBI guidelines. However, provisioning rates prescribed by RBI are the regulatory minimum, and Bank may make additional provisions in respect of advances to stressed sectors of the economy as approved by the Board from time to time. Provision made against standard assets is included in ‘Other Liabilities and Provisions’.

iii) Floating Provision

The Bank recognises floating provision as per the Board approved policy, which is in addition to the specific and general provisions made by the Bank. The floating provision is utilised, with the approval of Board and RBI, in case of contingencies which do not arise in the normal course of business and are exceptional and non-recurring in nature and for making specific provision for impaired loans as per the requirement of extant RBI guidelines or any regulatory guidance / instructions. Floating provisions are netted off for NNPA Ratio & Provision is included in 'Other Liabilities and Provisions'.

C Investments

Classification and valuation of Bank’s Investments is carried out in accordance with RBI circular DBR No BP.BC.6/21.04.141/2015-16 dated 1 July 2015 and Fixed Income Money Market and Derivatives Association (‘FIMMDA’) and Financial Benchmark India Private Limited (‘FBIL’) guidelines prescribed in this regard from time to time.

i) Classification

Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' (HTM) categories at the time of purchase.

Investments that are acquired with an intention to hold till maturity are classified as "HTM".

Investments that are held primarily for sale within 90 days from the date of purchase are classified as "HFT".

Investments, which are not classified in the above two categories, are classified as "AFS". Further, as per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities.

The Bank follows trade date method of accounting for purchase and sale of investments, except for Government of India and state government securities where settlement date method of accounting is followed in accordance with RBI guidelines.

For the purpose of disclosure in the financial statements, the Investments are classified under six groups a) Government Securities b) Other Approved Securities c) Shares d) Debentures and Bonds e) Subsidiaries / Joint Ventures and f) Others.

Investments are classified as performing or non-performing as per RBI guidelines. Non performing investments are subjected to prudential norms for Classification, valuations and Operation of Investment Portfolio by Banks prescribed from time to time.

ii) Valuation

Investments classified as "Held to Maturity" securities need not to be marked to market and will be carried at acquisition cost, unless it is more than the face value, in which the premium should be amortised over the period remaining to maturity. Where in the opinion of the management, a diminution, other than temporary in the value of investments classified under HTM has taken place, appropriate provisions are made.

Investments classified as AFS and HFT are marked-to-market on a periodic basis as per relevant RBI guidelines. The securities are valued scrip-wise and depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accrued for the holding period.

Quoted investments are valued at traded quoted price available on the recognised stock exchanges, subsidiary general ledger account transactions are valued as per the price list of RBI or prices declared by Primary Dealers Association of India ("PDAI") jointly with FIMMDA / FBIL applicable as at the balance sheet date. For deriving market value of unquoted fixed income securities (other than Central and State Government securities), yields / mark-up rates (reflecting associate credit risk) declared by the FIMMDA / FBIL are considered.

Quoted Mutual Fund units are valued as per stock exchange quotes and un-quoted mutual fund units are valued at last available re-purchase price or Net Asset Value where re-purchase price is not available.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available, or at Rs. 1, as per RBI guidelines.

iii) Disposal of investments

Profit / Loss on sale of investments under the aforesaid three categories is recognized in the Restated Summary Statement of Profit and Loss. Cost of investments is based on the weighted average cost method. The profit from sale of investment under HTM category, net of taxes and transfer to statutory reserve is appropriated from Restated Summary Statement of Profit & Loss to "Capital Reserve" in accordance with the RBI Guidelines.

iv) Transfer between categories

Transfer of investments between categories is accounted in accordance with the extant RBI guidelines:

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

v) Repurchase and Reverse repurchase transactions

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

vi) Broken period interest, brokerage etc.

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged to the Restated Summary Statement of Profit & Loss.

vii) Investment Fluctuation Reserve.

Out of net profits earned during the year, transfer is made to Investment Fluctuation Reserve, for an amount not less than the lower of the (a) net profit on sale of investments during the year (b) net profit for the year less mandatory appropriations, till the balance in such Investment Fluctuation Reserve reaches a level of at least 2% of the aggregate HFT and AFS portfolio. Draw down, if any, from the Investment Fluctuation Reserve shall be in accordance with the applicable RBI guidelines.

D Fixed assets and depreciation / amortisation

Tangible assets

Tangible fixed assets are accounted for at cost less accumulated depreciation and accumulated impairment losses. Cost includes freight, duties, taxes and all other directly attributable expenditures towards acquisition and installation of assets before it is ready for commercial use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets.

Tangible fixed assets under construction and tangible fixed assets acquired but not ready for their intended use will be disclosed as capital work-in-progress.

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

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

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

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

Intangible assets

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

Intangible assets are amortized in the Restated Summary 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 amortized on straight line basis. Computer software are amortized on straight line basis over their estimated useful life of three years. For assets purchased/ sold during the year, amortisation is being provided on pro rata basis by the Bank.

In accordance with AS-28- Impairment of assets, the Bank assesses at each balance sheet date whether there is any indication of impairment of assets based on internal / external factors. If any such indication exists, the Bank estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount will be reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Restated Summary 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. Depreciation is provided on the revised carrying amount of the asset over its remaining useful life

E Foreign Currency transactions

Transactions denominated in foreign currency are recorded at exchange rates prevailing on the date of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Restated Summary Statement of Profit and Loss. 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 Restated Summary Statement of Profit and Loss.

F Derivative

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

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

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

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

G Employee benefits

i. Defined Contribution Plan

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

ii. Defined Benefit Plan and Compensated absences

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

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

H Share Issue Expenses

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

I Employee Stock Option Scheme

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

J Lease transactions

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

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

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

K Taxation

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

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

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

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

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

Minimum Alternate Tax (MAT) credit is recognised as an asset to the extent there is convincing evidence that the Bank will pay normal income tax during specified period, i.e., the period for which MAT credit is allowed to be carried forward as per prevailing provisions of the Income Tax Act 1961. In accordance with the recommendation contained in the guidance note issued by ICAI, MAT credit is to be recognised as an asset in the year in which it becomes eligible for set off against normal income tax. The Bank reviews MAT credit entitlements at each balance sheet date and writes down the carrying amount to the extent there is no longer convincing evidence to the effect that the Bank will pay normal income tax during the specified period.

L Provisions and contingencies

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

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

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

M Earnings per share (EPS)

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

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

N Cash and cash equivalents

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

O Cash Flow Statements

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

P Segment reporting

The disclosures relating to segment reporting is done in accordance with AS 17 “Segment Reporting” and as per guidelines issued by the RBI.

Q Priority Sector Lending Certificates

The Bank vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated 07 April 2016 trades in Priority Sector portfolio by selling or buying Priority Sector Lending Certificates (PSLCs). There is no transfer of risk on loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an ‘Expense’ and the fee received for the sale of PSLCs is treated as ‘Miscellaneous Income’.

R Impairment of Assets

The Bank assess at each balance sheet date whether there is any indication that an asset may be impaired, Impairment loss, if any, is provided in the Restated Summary Statement of Profit and Loss to the extent the carrying amount of assets exceeds their estimated recoverable amount.

S Corporate Social Responsibility

Expenditure towards corporate social responsibility in accordance with Act is recognised in the Restated Summary Statement of Profit and Loss.

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

Annexure 23

23.1.1 Capital

Capital Adequacy Ratio as per operating guidelines issued by RBI for Small Finance Banks and amended thereafter is given below:

(₹ in millions)

	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
i)	Common Equity Tier I (CET) capital ratio (%)	19.98%	19.41%	20.34%
ii)	Tier I capital ratio (%)	19.98%	19.41%	20.34%
iii)	Tier II capital ratio (%)	1.90%	2.78%	3.80%
iv)	Total capital ratio (CRAR) (%)	21.88%	22.19%	24.14%
v)	Percentage of the shareholding of the Government of India in public sector banks	NA	NA	NA
vi)	Amount of equity capital raised (Refer 23.1.3 below)	2404.7***	600.00*	2670.00**
vii)	Amount of additional Tier I capital raised	-	-	-
viii)	Amount of Tier II capital raised (Refer 23.1.2 below)	-	-	400.00

* includes share premium of ₹377.78 millions against the rights issue.

** shares issued upon Conversion of compulsory convertible debentures

*** includes share premium of ₹1514.05 millions against fresh issue of equity shares.

Notes:

1. The Bank has followed Basel II Capital Regulations dated 1 July 2015 and amended thereafter for the purpose of Capital Adequacy Ratio in accordance with the operating guidelines for small finance banks as issued by RBI on 8 October 2016.

2. The Bank has followed Master Circular No. DBR.No.BP.BC.4/21.06.001/2015-16 on Prudential Guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF) issued by RBI dated 01 July 2015 for the purpose of computing Capital Adequacy Ratio as at respective year end.

3. As per RBI, letter DBR.NBD. No. 4502/16.13.218/2017-18 dated 8 Nov 2017, it is clarified that no separate capital charge is being prescribed for market risk and operational risk for the time being.

23.1.2 Tier II Capital

The Bank has not acquired Basel II compliant debt capital instruments during the year ended 31 March 2021 (31 March 2020: Nil), (31 March 2019: ₹400 millions) details of which are as follows:

(₹ in millions)

For the year ended 31 March 2021					
Particulars	Nature of Security	Date of Issue	Coupon Rate %	Tenure	Amount
Nil					
Total					-

Note: On June 20, 2020, the Bank issued “12.50% Non Convertible Debentures (NCDs)” to IDFC First Bank Limited aggregating ₹1950 millions. Necessary RBI reporting was done on June 29, 2020. Department of Regulation, RBI Central Office, vide its letter dated January 13, 2021 has advised us that the offer document of the NCDs not being in compliant with relevant RBI instructions, these instruments do not qualify for inclusion in Tier II capital. The Bank, basis the legal opinion obtained in the matter and having reviewed the relevant documentation, is of the view that the said issue of NCDs is in compliance with RBI guidelines. The Bank, vide its letter dated March 10, 2021 has made a detailed submission alongwith supporting documents, to RBI requesting it to consider the NCDs as eligible Tier II capital instrument. While the Bank is awaiting RBI response to its submission, in line with the RBI letter dated January 13, 2021, the Bank has not considered the NCDs as being eligible for Tier II capital. The capital of the Bank and derived ratios as on March 31, 2021 have been stated without considering these NCDs in the Tier II capital of the Bank. We note to review this position basis updated directions / instructions from RBI in response to our submission in the matter.

(₹ in millions)

For the year ended 31 March 2019					
Particulars	Nature of Security	Date of Issue	Coupon Rate %	Tenure	Amount
Redeemable Unsecured Non – Convertible	Debenture	09-Jul-18	10.58%	7 Years	250.00
Redeemable Unsecured Non – Convertible	Debenture	30-Aug-18	10.58%	7 Years	150.00
Total					400.00

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

23.1.3 Capital Infusion

During the year ended, the Bank has issued 89,061,647 equity shares having face value of ₹10 each at a premium of ₹17 each for cash aggregating to ₹2,404,664,469 on 08 March 2021.

During the year ended 31 March 2020, the Bank has issued 22,222,222 equity shares having face value of ₹10 each at a premium of ₹17 each for cash through rights issue to Utkarsh CoreInvest Limited (Holding Company) aggregating to ₹600 millions on 18 September 2019.

During the year ended 31 March 2019, the Bank issued 267,000,000 equity shares of ₹10 each at par upon conversion of Compulsorily Convertible Debentures (CCD) into equity aggregating to ₹2,670 millions on 13 June 2018 to Utkarsh CoreInvest Limited (the 'Holding Company').

(₹ in millions except share data)

	Particulars	For the year ended 31 March 2021		For the year ended 31 March 2020		For the year ended 31 March 2019	
		Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
(i)	Outstanding as at the beginning of the year	75,92,72,222	7,592.72	73,70,50,000	7,370.50	47,00,50,000	4,700.50
(ii)	Shares issued upon conversion of Compulsorily convertible debentures	-	-	-	-	26,70,00,000	2,670.00
(iii)	Shares issued during the year	8,90,61,647	890.62	2,22,22,222	222.22	-	-
	Outstanding at the end of the year	84,83,33,869	8,483.34	75,92,72,222	7,592.72	73,70,50,000	7,370.50

23.2 Investments

During the year ended 31 March 2021, 31 March 2020 and 31 March 2019, there has been no sale from and transfer to/ from, the HTM category in excess of 5% of the book value of the investments held in the HTM category at the beginning of the year.

In accordance with the RBI guidelines, sales from, and transfers to / from, HTM category exclude the following from the 5% cap:

- One-time transfer of securities permitted to be undertaken by banks at the beginning of the accounting year with approval of the Board of Directors;
- Sales to the RBI under pre-announced open market operation auctions;
- Repurchase of Government securities by Government of India from banks;
- Additional shifting of securities explicitly permitted by the RBI from time to time; and
- Direct sales from HTM for bringing down SLR holdings in the HTM category.

23.2.1 Movement of Investments:

(₹ in millions)

	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
(1)	Value of Investments			
	(i) Gross Value of Investments			
	(a) In India	23,332.98	11,924.50	8,622.07
	(b) Outside India	-	-	-
	(ii) Provisions for Depreciation			
	(a) In India	193.63	0.62	-
	(b) Outside India	-	-	-
	(iii) Net Value of Investments			
	(a) In India	23,139.35	11,923.88	8,622.07
	(b) Outside India	-	-	-
(2)	Movement of provisions held towards depreciation of investments			
	(i) Opening balance	0.62	-	9.16
	(ii) Add: Provisions made during the year	193.63	0.62	-
	(iii) Less: Write-off / write back of excess / provisions during the year	0.62	-	9.16
	(iv) Closing balance	193.63	0.62	-

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Annexure forming part of the Restated Financial Information

Repo/Reverse Repo/MSF Transactions for the year ended 31 March 2021 (In Face Value Terms) (₹ in millions)

Sl. No.	Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31 March 2021
	Securities sold under repo				
i.	Government securities	836.44	7,085.95	4,295.65	836.44
ii.	Corporate debt securities	-	-	-	-
	Securities purchased under reverse repo				
i.	Government securities	8.13	14,504.44	9,100.66	8,300.00
ii.	Corporate debt securities	-	-	-	-

Repo/Reverse Repo Transactions during the year ended 31 March 2020 (In Face Value Terms) (₹ in millions)

Sl. No.	Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31 March 2020
	Securities sold under repo				
i.	Government securities	10.00	2,002.46	449.42	922.66
ii.	Corporate debt securities	-	-	-	-
	Securities purchased under reverse repo				
i.	Government securities	94.96	14,123.37	2213.66	12,724.29
ii.	Corporate debt securities	-	-	-	-

Repo/Reverse Repo Transactions during the year ended 31 March 2019 (In Face Value Terms) (₹ in millions)

Sl. No.	Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31 March 2019
	Securities sold under repo				
i.	Government securities	49.00	49.00	49.00	0.00
ii.	Corporate debt securities	-	-	-	-
	Securities purchased under reverse repo				
i.	Government securities	28.00	4149.50	1250.20	2835.60
ii.	Corporate debt securities	-	-	-	-

(i) In respect of triparty repo and triparty reverse repo transactions, amount of funds borrowed or lent have been disclosed in the tables.

(ii) The days on which there were Nil outstanding have been ignored while arriving at the amount of minimum outstanding during the year.

(iii) Actual number of days of transactions have been considered in computation of daily average outstanding during the year.

Collateralized Borrowing and Lending Obligation (CBLO) / Tri-party Repo Transactions (TREPS)

CBLO is a discounted money market instrument, established by CCIL and approved by RBI, which involves secured borrowings and lending transactions. CBLO was operational till November 05, 2018, post which Tri Party REPO / Reverse REPO, substituted CBLO. Securities received as collateral from CCIL under TREPS lending are eligible for SLR maintenance.

At March 31, 2021, the Bank had outstanding borrowings as Nil (previous year: Nil) and outstanding lending as Nil (previous year: Nil) under TREPS.

23.2.2 Issuer Composition of Non-SLR investments (investments not qualifying for the purpose of Statutory Liquidity Ratio (SLR) prescribed by RBI):

Issuer composition as at 31 March 2021 of non-SLR investments

(₹ in millions)

Sl. No.	Particulars	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
1	PSU	407.11	-	-	-	-
2	FIs	-	-	-	-	-
3	Banks	-	-	-	-	-
4	Private Corporates	-	-	-	-	-
5	Subsidiaries/Joint ventures	-	-	-	-	-
6	Others	1,244.90	235.92	-	-	-
7	Provisions held towards depreciation	-	-	-	-	-
	Total	1,652.01	235.92	-	-	-

Issuer composition as at 31 March 2020 of non-SLR investments

(₹ in millions)

Sl. No.	Particulars	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
1	PSU	-	-	-	-	-
2	FIs	-	-	-	-	-
3	Banks	-	-	-	-	-
4	Private Corporates	-	-	-	-	-
5	Subsidiaries/Joint ventures	-	-	-	-	-
6	Others	-	-	-	-	-
7	Provisions held towards depreciation	-	-	-	-	-
	Total	-	-	-	-	-

Issuer composition as at 31 March 2019 of non-SLR investments

(₹ in millions)

Sl. No.	Particulars	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
1	PSU	-	-	-	-	-
2	FIs	200.00	200.00	-	-	-
3	Banks	498.96	-	-	-	-
4	Private Corporates	-	-	-	-	-
5	Subsidiaries/Joint ventures	-	-	-	-	-
6	Others	-	-	-	-	-
7	Provisions held towards depreciation	-	-	-	-	-
	Total	698.96	200.00	-	-	-

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23.2.3 There are no non performing non-SLR investments as at 31 March 2021, 31 March 2020 and 31 March 2019.

23.3 Forward Rate Agreement / Interest Rate Swaps / Cross Currency Swap/ Exchange Traded Interest Rate Derivatives:

23.3.1 Notional and concentration of FRAs, IRS, CCS

(₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
i) The notional principal of swap agreements*	79.30	158.66	237.93
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	12.08	30.50	21.40
iii) Collateral required by the Bank upon entering into swaps	-	-	-
iv) Concentration of credit risk arising from the swaps	-	-	-
v) The fair value of the swap book	10.49	25.78	15.10

* Pertains to cross currency swap

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Annexure forming part of the Restated Financial Information

23.3.2 The nature and terms of Cross Currency Swaps (CCS) – FCY as on 31 March 2021 are set out below

(₹ in millions)

Nature	Nos.	Notional Principal	Benchmark	Terms
USD	1	79.30	USD LIBOR	Floating receivable vs Fixed payable

The nature and terms of Cross Currency Swaps (CCS) – FCY as on 31 March 2020 are set out below –

(₹ in millions)

Nature	Nos.	Notional Principal	Benchmark	Terms
USD	1	158.66	USD LIBOR	Floating receivable vs Fixed payable

The nature and terms of Cross Currency Swaps (CCS) – FCY as on 31 March 2019 are set out below –

(₹ in millions)

Nature	Nos.	Notional Principal	Benchmark	Terms
USD	1	237.93	USD LIBOR	Floating receivable vs Fixed payable

23.3.3 The Bank has not engaged in any Interest Rate Swaps (IRS) during the year ended 31 March 2021, 31 March 2020 and 31 March 2019.

Utkarsh Small Finance Bank Limited
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23.3.4 The Bank has not engaged in any exchange traded interest rate derivatives and exchange traded currency derivative contract during the year ended 31 March 2021, 31 March 2020 and 31 March 2019.

23.3.5 Risk Exposure in Derivatives:

The Bank has not engaged in any derivatives contracts during the year ended 31 March 2021, 31 March 2020 and 31 March 2019. However, Bank acquired a CCS contract pursuant to Business Transfer Agreement from Holding Company in the year ended as at 31 March 2017. The disclosure to the extent applicable is given below.

Qualitative disclosure on risk exposure in derivatives as at 31 March 2021, 31 March 2020 and 31 March 2019

The Bank's treasury function is responsible for Bank's access to financial markets. Further, treasury function monitors and manages various risks relating to treasury operations of the Bank including currency risk, market risk and liquidity risk. In course of managing these risks, the Bank may use various market instruments as permissible for the Bank based on RBI guidelines and internal approvals. Further, compliance with various policies and exposure limits is reviewed by the internal auditors as required. The Bank does not enter into any trade in financial instruments including derivative financial instruments for speculative purposes. The existing exposure is fully hedged exposure towards external commercial borrowings borrowed prior to conversion into Small Finance Bank and are grandfathered on conversion and there are no derivatives entered into during the financial year as per operating guidelines of Small Finance Bank issued by RBI.

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Annexure forming part of the Restated Financial Information

Quantitative disclosure on risk exposure in derivatives

(₹ in millions)

For the year ended 31 March 2021					
Sr. No.	Particular	Currency derivatives			Interest rate derivatives
		Forward Contract	Currency Option	Currency Swap	
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	-	-	79.30*	-
	b) For trading	-	-	-	-
(ii)	Marked to Market Positions				
	a) Asset (+)	-	-	10.49	-
	b) Liability (-)	-	-	-	-
(iii)	Credit Exposure	-	-	-	-
(iv)	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	-	-	-	-
(v)	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging	Nil	-	-	-
		Nil	-	-	-
	b) on trading	Nil	-	-	-
		Nil	-	-	-

* Pertains to cross currency swap

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

(₹ in millions)

For the year ended 31 March 2020					
Sr. No.	Particular	Currency derivatives			Interest rate derivatives
		Forward Contract	Currency Option	Currency Swap	
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	-	-	158.66*	-
	b) For trading	-	-	-	-
(ii)	Marked to Market Positions	-	-	-	-
	a) Asset (+)	-	-	25.80	-
	b) Liability (-)	-	-	-	-
(iii)	Credit Exposure	-	-	-	-
(iv)	Likely impact of one percentage change in interest rate (100*PV01)	-	-	-	-
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	-	-	-	-
(v)	Maximum and Minimum of 100*PV01 observed during the year	-	-	-	-
	a) on hedging	Nil	-	-	-
		Nil	-	-	-
	b) on trading	Nil	-	-	-
		Nil	-	-	-

* Pertains to cross currency swap

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

(₹ in millions)

For the year ended 31 March 2019					
Sr. No.	Particular	Currency derivatives			Interest rate derivatives
		Forward Contract	Currency Option	Currency Swap	
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	-	-	237.93*	-
	b) For trading	-	-	-	-
(ii)	Marked to Market Positions	-	-	-	-
	a) Asset (+)	-	-	15.10	-
	b) Liability (-)	-	-	-	-
(iii)	Credit Exposure	-	-	-	-
(iv)	Likely impact of one percentage change in interest rate (100*PV01)	-	-	-	-
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	-	-	-	-
(v)	Maximum and Minimum of 100*PV01 observed during the year	-	-	-	-
	a) on hedging				
		Nil	-	-	-
		Nil	-	-	-
	b) on trading				
		Nil	-	-	-
		Nil	-	-	-

* Pertains to cross currency swap

Strategic Debt Restructuring

Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period) (₹ in millions)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as at 31 March 2021		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
-	-	-	-	-	-	-	-	-

(₹ in millions)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as at 31 March 2020		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
-	-	-	-	-	-	-	-	-

(₹ in millions)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as at 31 March 2019		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
-	-	-	-	-	-	-	-	-

The Bank has not acquired any equity shares under Strategic Debt Restructuring scheme during the year. The Bank has not done any restructuring of loans during the year ended 31 March 2021, 31 March 2020 and 31 March 2019 and there are no cases where scheme for sustainable structuring of stressed assets (S4A) is implemented.

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

23.4 Asset Quality

23.4.1 Movement of NPA and NPA Provision

(₹ in millions except percentages)

Sr.No	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
(i)	Net NPAs to Net Advances (%)	1.33%	0.18%	0.12%
(ii)	Provisioning Coverage Ratio (PCR) (%)	65.49%	75.16%	91.32%
(iii)	Movement of Gross NPAs			
	(a) Opening balance	446.56	655.74	574.68
	(b) Additions during the year	3095.79	411.90	602.63
	(c) Reductions during the year			
	(i) Up – gradations	29.77	48.75	162.31
	(ii) Recoveries (excluding recoveries made from up-graded accounts)	6.43	12.75	60.67
	(iii) Write – offs	353.26	559.58	298.59
	(d) Closing balance	3,152.89	446.56	655.74
(iv)	Movement of Net NPAs			
	(a) Opening balance	110.94	56.92	321.85
	(b) Additions during the year	992.10	128.45	54.69
	(c) Reductions during the year	14.90	74.43	319.62
	(d) Closing balance	1,088.14	110.94	56.92
(v)	Movement of provisions for NPAs			
	(excluding provisions on standard assets)			
	(a) Opening balance	335.62	598.82	252.83
	(b) Provisions made during the year *	2103.69	283.45	547.94
	(c) Write-off / (write back) of excess provisions during the year**	374.60	546.65	201.95
	(d) Closing balance ***	2,064.71	335.62	598.82

* includes floating provisions amounting to ₹14.56 millions (31 March 2020: ₹37.64 millions, 31 March 2019: ₹9.21 millions).
millions (31 March 2020 Write back includes excess provision ₹38.38 millions and Reversal on account of write off ₹559.58 millions, 31 March 2019 write back includes excess provision ₹77.44 millions and reversal on account of write off ₹298.59 millions)

** includes floating provisions amounting to ₹76.69 millions (31 March 2020: ₹62.13 millions, 31 March 2019: ₹24.49 millions).

The movement of NPA and provision for NPA does not include accounts classified as NPA and was upgraded during the year. During March 2021, the Bank has made change in accounting estimate with respect to provision towards NPA portfolio. As a result, provisions and contingencies for the year ended 31 March, 2021 are higher by ₹466.57 millions followed by corresponding reduction to the profit before tax.

Provisions on Standard Assets:

(₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Provisions on Standard Assets	383.46	310.67	122.45

Technical Write-off:

(₹ in millions)

Sr.No	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
(i)	Opening balance of Technical / Prudential written-off accounts	2,095.52	1,613.34	1,410.25
(ii)	Add : Technical / Prudential write-offs during the year	353.26	559.58	298.59
(iii)	Sub-total (A)	2,448.78	2,172.92	1,708.84
(iv)	Less : Recoveries made from previously technical / prudential written-off accounts during the year (B)	43.40	77.40	95.50
(v)	Closing balance as at March 31 (A-B)	2,405.38	2,095.52	1,613.34

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23.4.2 Particulars of Restructured Accounts:

The bank has restructured accounts during the year ended 31 March 2021 (31 March 2020 and 31 March 2019 - NIL)

(₹ in millions except number of accounts)

Disclosure towards Resolution carried out to address COVID-19 related stress

	(A)	(B)	(C)	(D)	(E)
Type of borrower	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan #
Personal Loans	60,289.00	1,710.27	-	-	342.05
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	38,186.00	1,126.00	-	-	225.20
Total**	98,475.00	2,836.27			567.25

Offer for restructuring of the loans made to customers based on asset classification as per Honourable Supreme Court ruling prevailing then.

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

** As on March 31,2021 Out of above, restructured loans amounting to ₹203.87 millions, has been pre-closed or classified as NPA and accordingly restructuring provision as on 31 March 2021 is amounting to ₹526.48 millions.

Provision has been made over and above the extant RBI guidelines

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23.4.3 Details of financial assets sold to Securitization / Reconstruction Company for Asset Reconstruction:

(₹ in millions)

	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
(i)	Number of accounts	-	-	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	-	-
(iii)	Aggregate consideration	-	-	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-	-
(v)	Aggregate loss over net book value	-	-	-

23.4.4 Non-performing financial assets purchased:

(₹ in millions)

	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
(i)	(a) No. of accounts	-	-	-
	(b) Aggregate Outstanding	-	-	-
(ii)	(a) Of these, number of accounts restructured during the year	-	-	-
	(b) Aggregate Outstanding	-	-	-

23.4.5 Non-performing financial assets sold:

(₹ in millions)

	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
(i)	No. of accounts sold during the year	-	-	-
(ii)	Aggregate Outstanding	-	-	-
(iii)	Consideration Received	-	-	-

23.4.6 Following are the details of securitization done by the Bank:

(₹ in millions except number of loans)

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
(i)	Total number of loans securitized	-	-	-
(ii)	Total book value of loans securitized	-	-	-
(iii)	Total book value of loans securitized including loans placed as collateral	-	-	-
(iv)	Sale consideration received for loans securitized	-	-	-
(v)	Excess interest spread recognized in the profit and loss account	-	-	-

(₹ in millions)

	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
	Credit enhancements provided and outstanding:			
(i)	Interest subordination	-	-	16.90
(ii)	Principal subordination	-	-	62.40
(iii)	Cash collateral	-	-	43.60
	Total	-	-	122.90

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23.5 Business Ratios:

(₹ in millions except percentages)

	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
(i)	Interest income as % to Working funds ¹	14.64%	17.30%	17.80%
(ii)	Non-Interest income as % to Working funds ¹	1.34%	1.30%	1.15%
(iii)	Operating profit ² as % to Working funds ¹	4.06%	4.63%	4.88%
(iv)	Return on Assets ⁴ (Working funds ¹)	1.04%	2.47%	2.19%
(v)	Business ³ (Deposit plus Net Advance) per employee ⁵	14.70	12.65	11.49
(vi)	Profit per employee ^{5*}	0.10	0.24	0.18

Notes

1. Working funds represents the monthly average of total assets as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949.

2. Operating profit is net profit/ (loss) for the year before provisions and contingencies.

3. "Business" is the total of net advances and deposits (net of inter-bank deposits).

4. Return on Assets is net profit/ (loss) after tax divided by working funds.

5. Productivity ratios are based on average employee number.

*Profit per employee is ₹122,175 for 31 March 2021, ₹244,223 for 31 March 2020 and ₹184,355 for 31 March 2019.

23.6 Asset Liability Maturity Pattern

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

(₹ in millions)

	Particulars	As at 31 March 2021					
		Loans & Advances (INR)*	Investments (INR)	Deposits (INR)	Borrowings (INR) **	Foreign currency Assets	Foreign currency Liabilities
(i)	1 day	1,403.43	7,353.06	310.03	0.10	-	-
(ii)	2 to 7 days	777.80	351.17	2,669.24	0.61	-	-
(iii)	8 to 14 days	917.06	874.63	3,648.82	3,000.71	-	-
(iv)	15 to 30 Days	2,546.99	252.55	1,918.40	1.62	-	-
(v)	31 Days to 2 months	4,228.05	844.52	2,370.82	203.12	-	-
(vi)	Over 2 months to 3 months	4,371.80	498.39	3,619.30	169.75	-	-
(vii)	Over 3 months to 6 months	12,572.34	2,215.65	11,908.86	3,031.76	-	45.70
(viii)	Over 6 months to 1 year	21,713.12	2,946.35	13,133.30	2,457.93	-	45.70
(ix)	Over 1 year to 3 years	29,654.03	7,056.05	34,490.50	12,539.92	-	-
(x)	Over 3 years to 5 years	2,834.78	428.01	536.67	2,717.33	-	-
(xi)	Over 5 years	1,149.18	318.97	469.74	1,955.40	-	-
	Total	82,168.58	23,139.35	75,075.68	26,078.25	-	91.40

(₹ in millions)

	Particulars	As at 31 March 2020					
		Loans & Advances (INR)*	Investments (INR)	Deposits (INR)	Borrowings (INR) **	Foreign currency Assets	Foreign currency Liabilities
(i)	1 day	85.70	230.60	306.40	0.10	-	-
(ii)	2 to 7 days	3.90	279.80	2,057.30	0.50	-	-
(iii)	8 to 14 days	-	342.90	2,521.40	0.60	-	-
(iv)	15 to 30 Days	142.90	360.50	2,654.20	1.30	-	-
(v)	31 Days to 2 months	164.50	436.40	2,107.20	1,102.50	-	-
(vi)	Over 2 months to 3 months	3,914.90	230.70	1,694.20	2.50	-	-
(vii)	Over 3 months to 6 months	8,540.20	1,464.00	8,272.90	2,494.00	-	47.30
(viii)	Over 6 months to 1 year	20,189.30	2,353.80	13,524.20	2,978.10	-	47.30
(ix)	Over 1 year to 3 years	28,458.20	5,289.30	18,857.20	13,644.80	-	94.60
(x)	Over 3 years to 5 years	809.70	876.70	328.40	6,119.20	-	-
(xi)	Over 5 years	506.66	59.18	28.72	406.77	-	-
	Total	62,815.96	11,923.88	52,352.12	26,750.37	-	189.20

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(₹ in millions)

	Particulars	As at 31 March 2019					
		Loans & Advances (INR)*	Investments (INR)	Deposits (INR)	Borrowings (INR) **	Foreign currency Assets	Foreign currency Liabilities
(i)	1 day	206.05	130.67	862.07	-	-	-
(ii)	2 to 7 days	578.40	241.70	1,593.50	-	-	-
(iii)	8 to 14 days	583.40	628.10	852.00	-	-	-
(iv)	15 to 30 Days	1,537.40	317.70	1,691.60	400.00	-	-
(v)	31 Days to 2 months	2,859.60	387.40	2,555.00	-	-	-
(vi)	Over 2 months to 3 months	2,514.20	535.60	2,871.90	656.40	-	-
(vii)	Over 3 months to 6 months	8,133.20	1,001.80	3,379.00	1,902.60	-	43.20
(viii)	Over 6 months to 1 year	14,071.30	2,510.00	12,463.10	4,077.10	-	43.20
(ix)	Over 1 year to 3 years	15,413.10	2,216.90	11,473.20	3,137.87	-	172.90
(x)	Over 3 years to 5 years	482.00	589.50	162.40	3,723.70	-	-
(xi)	Over 5 years	303.00	62.70	10.10	400.00	-	-
	Total	46,681.65	8,622.07	37,913.87	14,297.67	-	259.30

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

** includes foreign currency liabilities ₹91.38 millions for 31 March 2021, ₹189.2 millions for 31 March 2020 and ₹259.3 millions for 31 March 2019.

Notes:

1. In view of the COVID-19 pandemic, the Reserve Bank of India on 27 March 2020, announced measures to support the economy and the financial system. The measures permit banks to offer upto three-month moratorium on all term loans outstanding as on 1 March 2020, interest deferment on working capital facilities. As a prudent measure, in view of the potential relief to borrowers, for ALM purposes, the contractual inflows on borrower accounts with respect to loans given to JLG, Housing and MSME have been suitably adjusted for the moratorium for FY 2019-20.
2. For the purpose of disclosing the maturity pattern, loans and advances that have been subject to risk participation vide Inter-Bank Participation Certificates ('IBPCs') has been classified in the maturity bucket corresponding to the contractual maturities of such underlying loans and advances. The IBPC amount has been classified in the respective maturities of the corresponding underlying loans.
3. Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

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23.7 Exposure

23.7.1 Exposure to Real Estate Sector

(₹ in millions)

	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1)	Direct exposure			
(a)	Residential Mortgages:	6,012.21	2,016.50	879.90
	Out of which Individual housing loans eligible for inclusion in priority sector advances	1,192.80	501.70	267.00
(b)	Commercial Real Estate	-	-	-
(c)	Investments in Mortgage Backed Securities (MBS) and other securitized expo			
i.	Residential Mortgages	-	-	-
ii.	Commercial Real Estate	-	-	-
2)	Indirect Exposure			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	868.94	294.50	250.20
	Total Exposure to Real Estate Sector	6,881.15	2,311.00	1,130.10

23.7.2 Exposure to Capital Market:

(₹ in millions)

	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
(i)	Direct investments made in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-	-
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	-	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-	-
(vii)	Bridge loans to companies against expected equity flows/issues	-	-	-
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-	-
(ix)	Financing to stockbrokers for margin trading	-	-	-
(x)	All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	-	-	-
	Total Exposure to Capital Market	-	-	-

23.7.3 Risk Category wise Country Exposure:

The Bank's exposures are concentrated in India, hence country risk exposure as at 31 March 2021 is Nil, 31 March 2020 is Nil and 31 March 2019 is Nil.

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23.7.4 Details of Single / Group Borrower limit exceeded by the Bank

The Bank has complied with the limits prescribed under extant RBI guidelines with regards to exposure to a single borrower and group of the borrower during the year ended 31 March 2021, 31 March 2020 and 31 March 2019.

23.8 Penalties imposed by RBI

No penalty was imposed by RBI on the Bank during the year ended 31 March 2021, 31 March 2020 and 31 March 2019.

23.9 Earnings Per Share (EPS)

(₹ in millions , except per share data)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Basic			
Weighted average number of equity shares	76,51,28,330	74,89,50,425	68,36,50,000
Net profit after tax available for equity shareholders (₹)	1,118.15	1,867.43	1,108.68
Basic earnings per share	1.46	2.49	1.62
Diluted			
Weighted average number of equity shares	76,51,28,330	74,89,50,425	68,36,50,000
Net profit after tax available for equity shareholders (₹)	1,118.15	1,867.43	1,108.68
Diluted earnings per share	1.46	2.49	1.62
Face value per share	10	10	10

23.10 Employee Stock Option Plan (“ESOP”)

The Holding Company has formulated an Employee Stock Option Scheme to be administered through a Trust. The scheme provides that subject to continued employment with the Bank, the employees of Bank are granted an option to acquire equity shares of the Holding Company that may be exercised within a specified year.

The Holding Company formed Utkarsh ESOP Welfare Trust to issue ESOPs to employees of the Bank as per Employee Stock Option Scheme. Total 12,00,000 equity shares have been reserved under ESOP scheme 2016 and pursuant to Shareholder agreement executed in the year 2016-17 additional 5,989,594 equity shares has been reserved by the Holding Company for the purpose of ESOP scheme.

During the year, the Holding Company granted 21,59,575 options to the Bank's employees of which 5,00,000 options have grant effective date of F.Y.19-20 (for the year ended 31 March 2020 : 18,14,225 options, for the year ended 31 March 2019 : 17,84,225 options).

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

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These options are vested on graded basis as follows:

Vesting details	General grant	Special grant
On completion of 1 year	25%	10%
On completion of 2 years	25%	20%
On completion of 3 years	25%	45%
On completion of 4 years	25%	25%

The Guidance Note on “Accounting for Employee Share Based Payments” issued by the ICAI establishes financial and reporting principles for employees share based payment plans. The Guidance Note applies to employee share based payment plans, the grant date in respect of which falls on or after 1 April 2005. The Guidance Note also applies to transfers of shares or stock options of the parent of the enterprise, or shares or stock options of another enterprise in the same group as the enterprise, to the employees of the enterprise. The compensation costs of stock options granted to employees of the Bank are accounted using intrinsic value method.

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Number of equity shares:			
Outstanding at the beginning of the year	36,44,551	24,57,879	12,60,905
Granted during the year	21,59,575	18,14,225	17,84,225
Lapsed/Cancel during the year	6,85,829	2,05,719	3,67,988
Exercised during the year	2,07,558	4,21,834	2,19,263
Outstanding at the end of year	49,10,739	36,44,551	24,57,879
Exercisable at the end of year	11,18,318	5,26,482	1,84,076

The compensation cost is calculated based on the intrinsic value method as per SEBI guidelines, wherein the excess of fair value of underlying equity shares as on the date of the grant over the exercise price of the options given to employees of the Bank under the ESOP scheme, is recognized as compensation cost and amortized over the vesting period. The Holding Company cross charges the compensation cost to the Bank to the extent it pertains to the employees of the Bank.

Impact of Fair Value Method on Net Profit/(Loss) and EPS

Had the compensation cost for the Bank’s stock option plans outstanding been determined based on the fair value by using Black Scholes model, the Bank’s net profit/loss and earnings/loss per share would have been as per the proforma amounts indicated below:

(₹ in millions , except per share data)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit after tax			
- As reported	1,118.15	1,867.43	1,108.68
- Proforma	1,068.00	1,879.90	939.90
Profit / Earnings per share			
Basic			
Weighted average number of shares	76,51,28,330	74,89,50,425	68,36,50,000
EPS as reported (₹)	1.46	2.49	1.62
Proforma EPS (₹)	1.40	2.51	1.37

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	47.00%	19.60%	29.51%
Risk free interest rate	5.55%	7.03%	7.40%
Expected life in years	5	5	5

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. As per Section 35B of the Banking Regulation Act, 1949, the Bank mandatory requires RBI approval before granting ESOPs. RBI approval is awaited and hence no accounting adjustment has been made in the financial statements.

23.11 Disclosures under AS -15 on employee benefits.

Defined Contribution Plans:

Employer's contribution recognized and charged off for the year with respect to defined contribution plans are as under:
(₹ in millions)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Provident Fund (refer note below)	191.73	158.31	83.10
ESI	26.62	23.17	23.10

Note: The above amount is netted off with amount of ₹13.2 millions received under the scheme "Pradhan Mantri Rojgar Protsahan Yojana" for the year ended 31 March 2021, ₹15 millions for year ended 31 March 2020 and ₹19.5 millions for year ended 31 March 2019.

Defined Benefit Plans:

The Bank has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days' salary (last drawn salary) for each completed year of service subject to limit of ₹0.20 millions as per the Payment of Gratuity Act, 1972 as amended from time to time. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following table sets out the status of the defined benefit gratuity plan as required under Accounting Standard 15.
Change in the present value of the defined benefit obligation.

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Opening defined benefit obligation	112.86	73.43	42.20
Current service cost	42.41	34.64	23.31
Past service costs	-	-	-
Interest cost	6.09	5.59	3.21
Actuarial losses/ (gains)	(1.10)	2.54	9.21
Benefits paid	(3.60)	(3.34)	(4.50)
Closing defined benefit obligation	156.66	112.86	73.43

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

Change in the plan assets (₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Opening fair value of plan asset	108.07	59.21	57.40
Expected return on plan assets	7.99	4.50	4.31
Employers Contributions	37.60	49.12	4.00
Benefit paid	(3.60)	(3.34)	(4.50)
Actuarial gains / (losses) on plan assets	(4.24)	(1.42)	(2.00)
Closing fair value of plan assets	145.82	108.07	59.21

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

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Present value of funded obligation	156.66	112.86	73.43
Fair value of plan assets	145.82	108.07	59.21
Deficit/ (Surplus)	10.84	4.79	14.22
Net liability / (asset) recognized in the balance sheet	10.84	4.79	14.22

Net cost recognized in the profit and loss account (₹ in millions)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Current service cost	42.41	34.64	23.30
Past service costs	-	-	-
Interest cost	6.09	5.59	3.20
Expected return on plan assets	(7.99)	(4.50)	(4.31)
Net actuarial losses / (gains)	3.14	3.96	11.20
Total cost of defined benefit plans included in Annexure 21 Payments to and provisions for employees	43.65	39.69	33.39

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

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Opening net liability	4.79	14.22	(15.17)
Expenses as recognized in profit & loss account	43.65	39.69	33.39
Employers contribution	(37.60)	(49.12)	(4.00)
Net liability / (asset) recognized in balance sheet	10.84	4.79	14.22

Utkarsh Small Finance Bank Limited
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Experience adjustment and details of obligations and assets (₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Present value of funded obligation	156.66	112.86	73.43
Fair value of plan assets	145.82	108.07	59.21
Deficit / (Surplus)	10.84	4.79	14.22
On Plan Liabilities (gains) / losses	8.49	7.46	3.52
On Plan Assets (losses) / gains	(4.24)	(1.42)	(2.01)

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

Category of assets	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Funds with LIC	0%	0%	100%
Funds with LIC (through gratuity trust)	100%	100%	0%

Key Actuarial Assumptions

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Discount rate	4.95%	5.40%	7.60%
Expected rate of return on plan asset	6.45%	5.40%	7.59%
Salary escalation	7.00%	7% for the first two years and 9% thereafter	9.00%
Attrition rate	13.10% to 31.90%	13.10% to 31.90%	2% to 25.00%

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

Expected rate of return: The overall expected rate of return on assets is determined based on the average long term rate of return expected on investment of the fund during the estimated term of the obligations.

23.12 Segment Reporting: Information about business segments

In terms of AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated 18 April, 2007 read with DBR.BP. BC No.23/21.04.018/2015-16 dated 01 July, 2015 and amendments thereto, the following business segments have been disclosed:

Corporate/ Wholesale Banking: Includes lending, deposits and other banking services provided to corporate customers of the Bank.

Retail Banking: Includes lending, deposits and other banking services provided to retail customers of the Bank through branch network.

Treasury: includes dealings in SLR and Non SLR investments, maintenance of reserve requirements and resource mobilization from other Banks and financial Institutions.

Geographical segments: The business operations of the Bank are concentrated in India hence the Bank is considered to operate in domestic segment only.

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

The following table sets forth the business segment results: (₹ in millions)

Particulars	For the year ended 31 March 2021			
	Corporate/ Wholesale Banking	Retail Banking	Treasury	Total
Gross Revenue	518.96	14,598.60	2,133.81	17,251.37
Unallocated Revenue				-
Less: Inter Segment Revenue				-
Total Revenue	518.96	14,598.60	2,133.81	17,251.37
Segment Results	-438.36	1,681.94	270.77	1,514.35
Unallocated expenses				-
Operating Profit	-438.36	1,681.94	270.77	1,514.35
Income Tax expense (including deferred tax)				396.20
Net Profit				1,118.15
Segment Assets	5,037.43	77,989.00	35,338.93	1,18,365.36
Unallocated Assets				3,013.76
Total Assets				1,21,379.12
Segment Liabilities	36,342.22	44,914.54	26,283.01	1,07,539.77
Unallocated Liabilities				155.82
Capital & Reserves				13,683.53
Total Liabilities				1,21,379.12
Capital expenditure				451.68
Depreciation				295.77

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

The following table sets forth the business segment results:

(₹ in millions)

Particulars	For the year ended 31 March 2020			
	Corporate/ Wholesale Banking	Retail Banking	Treasury	Total
Gross Revenue	423.32	12,460.46	1,178.64	14,062.42
Unallocated Revenue				-
Less: Inter Segment Revenue				-
Total Revenue				14,062.42
Segment Results	(1,026.32)	2,564.84	965.64	2,504.16
Unallocated expenses				-
Operating Profit				2,504.16
Income Tax expense (including deferred tax)				636.73
Net Profit				1,867.43
Segment Assets	3,100.82	60,661.46	28,349.40	92,111.68
Unallocated Assets				1,931.48
Total Assets				94,043.16
Segment Liabilities	31,171.57	25,604.31	26,911.72	83,687.60
Unallocated Liabilities				160.57
Capital & Reserves				10,194.99
Total Liabilities				94,043.16
Capital expenditure				482.74
Depreciation				254.08

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

(₹ in millions)

Particulars	For the year ended 31 March 2019			
	Corporate/ Wholesale Banking	Retail Banking	Treasury	Total
Gross Revenue	410.52	8,442.93	729.05	9,582.50
Unallocated Revenue				-
Less: Inter Segment Revenue				-
Total Revenue				9,582.50
Segment Results	(1,090.65)	1,700.04	1,057.86	1,667.25
Unallocated expenses				-
Operating Profit				1,667.25
Income Tax expense (including deferred tax)				558.57
Net Profit				1,108.68
Segment Assets	3,393.51	43,801.27	14,003.06	61,197.84
Unallocated Assets				1,190.61
Total Assets				62,388.45
Segment Liabilities	29,343.60	10,768.10	14,441.40	54,553.10
Unallocated Liabilities				107.79
Capital & Reserves				7,727.56
Total Liabilities				62,388.45
Capital expenditure				287.98
Depreciation				184.65

Notes:

1. The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has reported operations in the domestic segment only.
2. Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.
3. Unallocated items include Fixed Assets, Depreciation, Capital expenditure, realized gains/losses on their sale, income tax expense, deferred income tax assets/liabilities and advance tax.
4. In computing the above information, certain estimates and assumptions have been made by the management and have been relied upon by the auditors.
5. The above information is provided as per MIS for internal reporting purpose and relied upon by the auditors.

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

23.13 Related Party Transactions

The Bank's related parties during the period 01 April 2018 to 31 March 2021 are disclosed below:

1. Holding Company

Utkarsh CoreInvest Limited (erstwhile Utkarsh Micro Finance Limited)

2. Fellow Subsidiary

Utkarsh Welfare Foundation

3. Key Management Personnel ('KMP')

Mr. Govind Singh- Managing Director and CEO (till 24 May 2018 and w.e.f 21 September 2018)

Mr. Mukund Barsagade- Chief Financial Officer (w.e.f. 11 June 2018)

Mr. Anang Shandilya- Company Secretary (till 04 April, 2019)

Mr. Vinay Prakash Tripathi- Company Secretary (w.e.f 13 May 2019 till 12 October 2019)

Mrs. Nutan Rane- Company Secretary (w.e.f. 15 October 2019)

4. Enterprise where KMP exercise significant influence

RAAG Family Private Trust

5. Post-employment benefit plan

Utkarsh Small Finance Bank Employees' Gratuity Trust

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended 31 March 2021.

(₹ in millions)

Items / Related Party	Utkarsh CoreInvest Ltd (Holding Company)	Utkarsh Welfare Foundation (Fellow Subsidiary)	Utkarsh Small Finance Bank Employees' Gratuity Trust	KMP: Govind Singh (MD & CEO)	KMP: Mukund Barsagade (CFO)	KMP: Nutan Rane (CS)	Enterprise where KMP exercise significant influence: RAAG Family Private Trust	Total
Deposits Outstanding as on 31 March 2021	315.40	18.33	0.94	12.49	2.30	0.00*	0.02	349.48
Amount deposited during the year (excluding CASA deposit)	195.21	-	-	-	-	-	-	195.21
Amount repaid during the year (excluding CASA deposit)	136.00	-	-	-	-	-	-	136.00
Maximum deposit outstanding during the year	316.09	24.02	18.47	14.70	2.85	0.31	0.03	376.47
Interest paid	21.10	0.75	0.03	0.37	0.11	0.00*	0.00*	22.36
Service charges collected	-	-	-	-	-	-	0.00*	-
Remuneration to KMP	-	-	-	23.84**	10.49	3.25	-	37.58
Equity shares issued	-	-	-	-	-	-	-	-
Contribution towards CSR & CER	-	23.00	-	-	-	-	-	23.00
ESOP cost cross charged (Refer Annexure 21)	14.00	-	-	-	-	-	-	14.00
Service charge for collections	0.09	-	-	-	-	-	-	0.09
Rent for office space	0.81	-	-	-	-	-	-	0.81
ESOP granted	-	-	-	-	5.53	-	-	5.53
Transactions (collection and payment) carried out on behalf of Bank	8.80	-	-	-	-	-	-	8.80
Amount Payable/(Recoverable)	6.22	-	-	-	-	-	-	6.22

* Amount less than ₹ 10000 is shown as Nil

** Includes provision for annual bonus for FY 2019-20 of ₹ 2.5 millions and salary increment for FY 2020-21 of ₹ 2.91 millions

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended 31 March 2020.

(₹ in millions)

Items / Related Party	Utkarsh CoreInvest Ltd (Holding Company)	Utkarsh Welfare Foundation (Fellow Subsidiary)	Utkarsh Small Finance Bank Employees' Gratuity Trust	KMP: Govind Singh (MD & CEO)	KMP: Mukund Barsagade (CFO)	KMP: Nutan Rane (CS)	KMP : Vinay Prakash Tripathi (CS)	Enterprise where KMP exercise significant influence: RAAG Family Private Trust	Total
Deposits Outstanding as on 31 March 2020	237.30	11.50	0.60	0.24	0.60	0.00*	-	0.00*	250.24
Amount deposited during the year (excluding CASA deposit)	2085.90	-	-	0.01	-	-	-	-	2085.91
Amount repaid during the year	2621.20	-	-	0.01	-	-	-	-	2621.21
Maximum deposit outstanding during the year	740.00	13.77	23.40	1.54	1.70	0.40	-	0.02	780.83
Interest paid	36.60	0.50	0.50	0.02	0.10	0.00*	-	0.00*	37.72
Service charges collected	-	-	-	-	-	-	-	0.00*	0.00
Remuneration to KMP	-	-	-	21.60	10.10	1.40	1.50	-	34.60
Equity shares issued**	599.90	-	-	-	-	-	-	-	599.90
Contribution towards CSR	-	10.00	-	-	-	-	-	-	10.00
ESOP cost cross charged (Refer Annexure 21)	17.40	-	-	-	-	-	-	-	17.40
Service charge for collections	0.30	-	-	-	-	-	-	-	0.30
Rent for office space	0.80	-	-	-	-	-	-	-	0.80
ESOP granted	-	-	-	-	7.30	-	-	-	7.30
Transactions (collection and payment) carried out on behalf of Bank	23.50	-	-	-	-	-	-	-	23.50
Amount Payable/(Recoverable)	7.00	-	-	-	-	-	-	-	7.00

* Amount less than ₹ 10000 is shown as Nil

** 2,22,22,222 (upon conversion of CCD into common equity) equity shares of ₹10 each on 18 September 2019.

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Annexure forming part of the Restated Financial Information

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended 31 March 2019.

(₹ in millions)

Items / Related Party	Utkarsh CoreInvest Ltd (Holding Company)	Utkarsh Welfare Foundation (Fellow Subsidiary)	Utkarsh Small Finance Bank Employee Gratuity Trust	KMP: Govind Singh (MD & CEO)	KMP: Mukund Barsagade (CFO)	KMP: Anang Shandilya (CS)	KMP : Vinay Prakash Tripathi (CS)	Enterprise where KMP exercise significant influence: RAAG Family Private Trust	Total
Deposits Outstanding as on 31 March 2019	756.28	1.03	-	1.54	1.58	1.59	-	0.01	762.03
Amount deposited during the year (excluding CASA deposit)	1,414.40	-	-	0.00*	-	0.70	-	-	1,415.10
Amount repaid during the year	658.12	-	-	0.00*	-	1.40	-	-	659.52
Maximum deposit outstanding during the year	758.74	6.46	-	7.13	1.90	3.12	-	0.01	777.36
Interest paid	51.92	0.00*	-	0.12	0.06	0.15	-	0.00*	52.25
Service charges collected	-	-	-	-	-	-	-	-	-
Remuneration to KMP	-	-	-	9.18	6.81	1.75	-	-	17.74
Equity shares issued	2,670.00	-	-	-	-	-	-	-	2,670.00
Contribution towards CSR	-	4.05	-	-	-	-	-	-	4.05
ESOP cost cross charged (Refer Annexure 21)	1.40	-	-	-	-	-	-	-	1.40
Service charge for collections	-	-	-	-	-	-	-	-	-
Rent for office space	-	-	-	-	-	-	-	-	-
ESOP granted	-	-	-	-	-	-	-	-	-
Transactions (collection and payment) carried out on behalf of Bank	36.52	-	-	-	-	-	-	-	36.52
Amount Payable/(Recoverable)	28.33	0.31	-	(0.53)	-	0.05	-	-	28.16

* Amount less than ₹ 10000 is shown as Nil

Note:

1. As the provisions for gratuity and leave benefits are made for the Bank as a whole, the amounts pertaining to the Key Management Personnel are not specifically identified and included above.
2. Refer Annexure 23.10 on ESOP grant to MD & CEO.

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

23.14 Leases

Operating Lease

Lease payments made under cancellable operating lease amounting to ₹ 354.99 millions for the year ended 31 March 2021, ₹349.1 millions for the year ended 31 March 2020 and ₹212.5 millions for the year ended 31 March 2019; disclosed as rent under Annexure 21 and the same have been recognized as an expense in the Profit and Loss Account. There are one sublease agreement with Utkarsh CoreInvest Limited ("the Holding Company").

Minimum lease payments (MLP) outstanding in respect of leased assets are as follows:

(₹ in millions)			
Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Due within one year	374.40	332.70	274.10
Due later than one year and not later than five years	1,552.33	1405.30	1381.40
Due later than five years	558.95	714.60	1071.20
Total	2,485.68	2452.60	2726.70

Finance Lease

The Bank has acquired certain IT hardware assets and ATM machines under finance lease. Lease term of such assets is 7 years.

Minimum lease payments (MLP) outstanding in respect of leased assets as at 31 March 2021 are as follows:

(₹ in millions)			
Particulars	Future MLP	Interest not due	Present Value of MLP
Due within one year	53.00	15.60	37.40
Due later than one year and not later than five years	127.40	23.20	104.20
Due later than five years	6.00	0.60	5.40
Total	186.40	39.40	147.00

Minimum lease payments (MLP) outstanding in respect of leased assets as at 31 March 2020 are as follows:

(₹ in millions)			
Particulars	Future MLP	Interest not due	Present Value of MLP
Due within one year	46.90	17.00	29.90
Due later than one year and not later than five years	161.50	32.00	129.50
Due later than five years	7.70	0.80	6.90
Total	216.10	49.80	166.30

Minimum lease payments (MLP) outstanding in respect of leased assets as at 31 March 2019 are as follows:

(₹ in millions)			
Particulars	Future MLP	Interest not due	Present Value of MLP
Due within one year	41.80	16.90	24.90
Due later than one year and not later than five years	180.90	39.10	141.80
Due later than five years	7.70	0.70	7.00
Total	230.40	56.70	173.70

23.15 Deferred Tax

Major components of deferred tax assets and deferred tax liabilities are as under:

(₹ in millions)			
Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Deferred tax assets:			
Provision for assets	374.49	223.08	51.30
Unamortized processing fees on advances	149.55	110.26	94.20
Finance lease	33.63	41.83	60.70
Provision against Lease Equalization	25.81	18.31	-
Provision on Casual Leave	8.21	7.16	2.10
Others	1.90	-	-
	593.59	400.64	208.30
Deferred tax liabilities:			
Depreciation on fixed assets	6.60	17.59	41.53
Gain on mark to mark on external commercial borrowings	-	0.38	-
Unamortized processing fee on borrowings	7.28	7.53	16.10
	13.88	25.50	57.63
Net deferred tax assets / (liability)	579.71	375.14	150.67

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

23.16 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. The below is based on the information available with the Bank which has been relied upon by the auditors.

(₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
a. Principal amount due to suppliers under MSMED Act, 2006	-	-	-
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	50.24	-	-
d. Interest paid to suppliers under MSMED Act (Section 16)	-	-	-
e. Interest due and payable towards suppliers under MSMED Act for payments already made	0.67	-	-
f. Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	0.67	-	-

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

23.17.1 Disclosure of customer complaints:

Sr. No	Complaints received by the bank from its customers	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1	Number of complaints pending at beginning of the year	51	280	86
2	Number of complaints received during the year	25,170	27,632	15,599
3	Number of complaints disposed during the year	24,964	27,861	15,405
	3.1 Of which, number of complaints rejected by the bank	64	13	-
4	Number of complaints pending at the end of the year	257	51	280
	Maintainable complaints received by the bank from OBOs			
5	Number of maintainable complaints received by the bank from OBOs	58	32	1
	5.1. Of 5, number of complaints resolved in favour of the bank by BOs	52	31	-
	5.2 Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	3	1	-
	5.3 Of 5, number of complaints resolved after passing of Awards by BOs against the bank	-	-	1
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2006 and covered within the ambit of the Scheme.

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

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

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
As at 31 March 2021					
Ground - 1 (Internet/Mobile/Electronic Banking)	10	5617	24%	33	0
Ground - 2 (ATM/Debit Cards)	15	2720	-33%	40	1
Ground - 3 (Loans and advances)	0	1372	-58%	1	0
Ground - 4 (Account opening/difficulty in operation of)	7	390	286%	13	0
Ground - 5 (Staff behaviour)	0	201	-41%	1	0
Others	19	14870	-3%	169	0
Total	51	25170	-9%	257	1
As at 31 March 2020					
Ground - 1 (Internet/Mobile/Electronic Banking)	28	4537	86%	10	0
Ground - 2 (ATM/Debit Cards)	8	4072	344%	15	3
Ground - 3 (Loans and advances)	53	3230	-0.31%	0	0
Ground - 4 (Staff behaviour)	0	342	11300%	0	0
Ground - 5 (Mis-selling/Para-banking)	0	166	774%	0	0
Others	191	15285	70%	26	0
Total	280	27632	77%	51	3
As at 31 March 2019					
Ground - 1 (Internet/Mobile/Electronic Banking)	10	2433	NA	28	2
Ground - 2 (ATM/Debit Cards)	2	917	NA	8	1
Ground - 3 (Loans and advances)	13	3240	NA	53	6
Ground - 4 (Staff behaviour)	0	3	NA	0	0
Ground - 5 (Mis-selling/Para-banking)	11	19	NA	0	0
Others	50	8987	NA	191	14
Total	86	15599		280	23

Note :- above disclosure is compiled by management and relied upon by auditors

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Annexure forming part of the Restated Financial Information

23.18 Security Receipts (SR)

Details of the book value of investments held as security receipts received by sale of NPA to Securitization/Reconstruction Company as at 31 March 2021 are as follows-

(₹ in millions)

	Particulars	Backed by NPAs sold by the Bank as underlying	Backed by NPAs sold by other banks/ FIs/ NBFCs as underlying	Total
a)	Book value of investments in security receipts	-	-	-

Details of the book value of investments held as security receipts received by sale of NPA to Securitization/Reconstruction Company as at 31 March 2020 are as follows-

(₹ in millions)

	Particulars	Backed by NPAs sold by the Bank as underlying	Backed by NPAs sold by other banks/ FIs/ NBFCs as underlying	Total
a)	Book value of investments in security receipts	-	-	-

Details of the book value of investments held as security receipts received by sale of NPA to Securitization/Reconstruction Company as at 31 March 2019 are as follows-

(₹ in millions)

	Particulars	Backed by NPAs sold by the Bank as underlying	Backed by NPAs sold by other banks/ FIs/ NBFCs as underlying	Total
a)	Book value of investments in security receipts	-	-	-

As the Bank do not hold any security receipts, the other disclosures are not provided.

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23.19 Restructured / Rescheduled / Renegotiated Investments

There are no such investments during the year ended 31 March 2021, 31 March 2020 and 31 March 2019.

23.20 Amount of provisions made for income-tax :

(₹ in millions)

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
i)	Provision for Income tax	600.78	861.20	369.79
ii)	Provision for Deferred tax	(204.57)	(224.47)	204.03
iii)	MAT credit entitlement	-	-	(15.25)
	Total	396.21	636.73	558.57

23.21 Unsecured Advances against Intangible Collaterals:

(₹ in millions)

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
i)	Total Advances against intangible securities such as charge over the rights, licenses, authority etc.	-	-	-
ii)	Estimated Value of intangible collateral such as charge over the rights, licenses, authority etc.	-	-	-

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

(₹ in millions)

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
i)	Fee / Remuneration from Life Insurance Business	79.60	59.10	20.00
ii)	Fee / Remuneration from General Insurance Business	0.10	0.20	0.30

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

(₹ in millions)

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
i)	Provisions towards Standard Advances	72.79	188.22	46.05
ii)	Provisions towards Non Standard Advances	1,714.53	(300.84)	336.78
iii)	Provisions towards Restructured Advances	526.48	-	-
iv)	Floating provision	14.56	37.64	9.21
v)	Provision for COVID 19	1.74	499.57	-
vi)	Provision on SMA due to COVID 19	(14.01)	14.01	-
vii)	(reversal) / provision for depreciation on investments	193.01	0.62	(9.16)
viii)	Provisions towards Income tax	600.78	861.20	369.79
ix)	Provision / (credit) towards deferred tax (net)	(204.57)	(224.47)	204.03
x)	MAT credit entitlement	-	-	(15.25)
xi)	Others	7.56	-	-
	Total provisions	2,912.87	1,075.95	941.45
xii)	Technical write off	352.37	559.58	298.59
xiii)	Provision for other assets	-	-	4.85
xiv)	Write off of other assets	-	-	115.58
	Total	3,265.24	1,635.53	1,360.47

23.24 Drawdown from Reserves

The Bank has undertaken drawdown from Investment Fluctuation Reserve to make it in-line with notification on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks – Spreading of MTM losses and creation of Investment Fluctuation Reserve (IFR) issued by RBI:

(₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020
HFT & AFS portfolio as on	9,453.57	2,620.69
Reserve created during FY 2019-20 / FY 2018-19	52.41	13.17
Add:- created in H1 FY2021 / H1 FY2020	141.67	59.40
IFR draw down during the end of the year*	(5.01)	(20.16)
Investment Fluctuation Reserve on AFS portfolio as on	189.07	52.41

* As per RBI circular drawdown is allowed at year end

The Bank has not undertaken any drawdown from reserves during the year ended 31 March 2019.

23.25 Floating Provisions

(₹ in millions)

	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
i)	Opening balance in the floating provisions account	62.13	24.49	15.28
ii)	The quantum of floating provisions made in the accounting year	14.56	37.64	9.21
iii)	Amount of draw down made during the accounting year	-	-	-
iv)	Closing balance in the floating provision account	76.69	62.13	24.49

23.26 Investor Education and Protection Fund

There are no amounts which are due to be transferred to the Investor Education and Protection Fund during the year ended 31 March 2021, 31 March 2020 and 31 March 2019.

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23.27 Concentration of Deposits, Advances, Exposures and NPAs

23.27.1 Concentration of Deposits

(₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Total Deposits of twenty largest depositors	20,262.81	18,981.10	17,367.45
Percentage of deposits of twenty largest depositors to total deposits	26.99%	36.26%	45.81%

23.27.2 Concentration of Advances

(₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Total Advances to twenty largest borrowers *	4,268.28	2,576.63	2,863.77
Percentage of advances to twenty largest borrowers to total advances	5.07%	4.08%	6.18%

* Excluding advances against Bank's own term deposits.

23.27.3 Concentration of Exposures

(₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Total Exposure to twenty largest borrowers / customers	5,273.36	2,576.63	3,006.63
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers /customers	6.15%	4.06%	6.47%

Credit Exposure excludes the exposures which are 100% cash backed.

23.27.4 Concentration of NPA's

(₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Total Exposure to top four NPA Accounts (Gross)	11.16	5.44	403.20

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Annexure forming part of the Restated Financial Information

23.28 Sector Wise Advances:

(₹ in millions)

Sr. No.	Sector	As at 31 March 2021		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector*			
1	Agriculture and allied activities	48,730.70	2,024.39	2.79%
2	Advances to industries sector eligible as priority sector lending	1,809.41	56.20	0.08%
	All engineering	352.91	10.62	0.01%
	Food processing	399.82	21.62	0.03%
	Wood and wood products	487.91	10.40	0.01%
3	Services	20,232.51	847.36	1.17%
	Trade	9,484.71	299.29	0.41%
	Other Services	2,445.78	218.70	0.30%
4	Personal loans	1,724.88	106.17	0.15%
	Housing	1,120.45	13.40	0.02%
	Sub-total (A)	72,497.50	3,034.12	4.19%
B	Non Priority Sector			
1	Agriculture and allied activities	13.91	0.14	0.00%
2	Industry	40.70	0.69	0.01%
	All Engineering	4.40	-	0.00%
	Food processing	9.17	0.18	0.00%
3	Services	10,477.32	82.03	0.70%
	Non-banking financial companies	4,908.03	-	0.00%
4	Personal loans	1,127.17	35.91	0.31%
	Housing	1,122.47	5.92	0.05%
	Sub-total (B)	11,659.10	118.77	1.02%
	Total (A+B)	84,156.60	3,152.89	3.75%

(₹ in millions)

Sr. No.	Sector	As at 31 March 2020		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector*			
1	Agriculture and allied activities	34,520.60	211.10	0.37%
2	Advances to industries sector eligible as priority sector lending	1,778.50	13.50	0.02%
	All engineering	454.50	3.20	0.01%
	Food processing	489.30	3.00	0.01%
	Wood and wood products	399.60	3.30	0.01%
3	Services	20,806.50	175.30	0.30%
	Trade	8,782.00	99.00	0.17%
4	Personal loans	504.80	1.40	0.00%
	Housing	447.80	1.20	0.00%
	Sub-total (A)	57,610.40	401.30	0.69%
B	Non Priority Sector			
1	Agriculture and allied activities	0.20	0.20	0.00%
2	Industry	5.00	1.00	0.02%
	Beverages (Excluding Tea & Coffee) and Tobacco	2.70	-	0.00%
	Food processing	0.60	0.20	0.00%
	Wood and wood products	1.30	0.50	0.01%
3	Services	4,994.50	37.50	0.68%
	Non-banking financial companies	3,095.10	-	0.00%
4	Personal loans	479.40	6.50	0.12%
	Housing	407.10	3.60	0.07%
	Sub-total (B)	5,479.10	45.20	0.82%
	Total (A+B)	63,089.50	446.50	0.71%

(₹ in millions)

Sr. No.	Sector	As at 31 March 2019		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector*			
1	Agriculture and allied activities	26,007.30	114.80	0.27%
2	Advances to industries sector eligible as priority sector lending	782.10	3.80	0.01%
3	Services	14,897.30	107.50	0.25%
	Trade	6,641.10	29.50	0.07%
4	Personal loans	538.00	2.10	0.00%
	Housing	233.60	1.20	0.00%
	Sub-total (A)	42,224.70	228.20	0.54%
B	Non Priority Sector			
1	Agriculture and allied activities	2.40	0.60	0.01%
2	Industry	178.00	9.10	0.18%
3	Services	4,464.60	412.00	8.19%
	Non-banking financial companies	2,725.50	400.00	7.95%
4	Personal loans	386.30	5.80	0.12%
	Housing	144.50	2.50	0.05%
	Sub-total (B)	5,031.30	427.50	8.5%
	Total (A+B)	47,256.00	655.70	1.39%

* This includes underlying advances of Priority Sector Lending Certificates sold and does not include underlying advances of Priority Sector Lending Certificates purchased during the year. **Refer Annexure 23.29**

The Bank has compiled the data for the purpose of this disclosure from its internal MIS / reports and has been furnished by the management, which has been relied upon by the auditors. For loans disbursed prior to 1 July 2020, the existing circular before the below mentioned revised circular was considered for classification of loan under Priority Sector Lending.

The Bank has classified loan under Priority Sector Lending (PSL) across various categories based on Master Directions FIDD.CO.Plan.BC.5/04.09.01/2020-21 dated 04 September 2020 with effect from 01 July 2020.

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23.29 Details of Priority Sector Lending Certificates (PSLC)

Following are the details of PSLC sold by the Bank.

(₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
General category	-	-	3,530.00
Micro enterprises	-	-	-
Agriculture	-	-	-
Small/marginal farmers	41,000.00	27,000.00	14,480.00
Total	41,000.00	27,000.00	18,010.00

Following are the details of PSLC purchased by the Bank.

(₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
General category	-	-	6,000.00
Micro enterprises	-	-	-
Agriculture	-	-	-
Small/marginal farmers	-	-	-
Total	-	-	6,000.00

23.30 Overseas Assets, NPAs and Revenue

(₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Total Assets	-	-	-
Total NPAs	-	-	-
Total Revenue	-	-	-

23.31 Off- Balance Sheet SPVs sponsored

There are no off balance sheet SPVs sponsored by the Bank as at 31 March 2021, 31 March 2020 and 31 March 2019, which needs to be consolidated as per accounting norms.

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23.32 Disclosures relating to Securitization

(₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1. Number of Special Purpose Vehicles (SPVs) sponsored by the Company for securitization / bilateral transactions	-	-	10.00
2. Total amount of securitized assets as per books of the SPVs/assignees sponsored by the Company#	-	-	187.40
3. Total amount of exposures retained by the Company to comply with MRR as on the date of balance sheet	-	-	-
a) Off-balance sheet exposures	-	-	-
* First loss	-	-	-
* Others	-	-	-
b) On-balance sheet exposures	-	-	-
* First loss#	-	-	43.60
* Others	-	-	-
4. Amount of exposures to securitization transactions other than MRR	-	-	-
a) Off-balance sheet exposures	-	-	-
i) Exposure to own securitizations	-	-	-
* First loss	-	-	-
* loss	-	-	-
ii) Exposure to third party securitizations	-	-	-
* First loss	-	-	-
* Others	-	-	-
b) On-balance sheet exposures	-	-	-
i) Exposure to own securitizations	-	-	-
* First loss	-	-	-
* Others	-	-	-
ii) Exposure to third party securitizations	-	-	-
* First loss	-	-	-
* Others	-	-	-

the above information has been prepared based on the confirmations received from SPVs auditor.

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Annexure forming part of the Restated Financial Information

23.33 Disclosure on Remuneration

Qualitative Disclosure

A. Information relating to the bodies that oversee remuneration

a) Name, composition and mandate of the main body overseeing remuneration

The Nomination and Remuneration Committee (NRC) of the Board is the main body overseeing remuneration. As on 31 March 2021, The NRC comprises of two Independent Directors viz Mr. Kajal Ghose and Mr. P. H. Ravikumar and one Nominee Director viz Ms. Anita Ramachandran

Role and functions of the Committee related to Nomination

A. Appointment criteria and qualifications

- i) To identify and approve appointment of persons who are qualified to become directors in the bank and who may be appointed as KMPs or SMPs in the bank, who possess integrity, independence, adequate knowledge, skill, qualification, experience in the field of his/her specialization commensurate with the proposed role and responsibility as Director, KMP or SMP and shall have the ability to manage the responsibility assigned to him/her.
- ii) To ensure that the Bank appoints or continues the employment of any person as Managing Director / Whole-time Director subject to the conditions laid down under Part I of Schedule V of the Companies Act, 2013 and in line with extant RBI guidelines and relevant provisions of the Banking Regulation Act 1949.
- iii) To ensure that the Bank shall appoint or continue the service of any person as Independent Director subject to the provisions of Section 149 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and Banking Regulation Act 1949.
- iv) Appointment for any SMP (Executives one level below the MD & CEO) shall be approved by the Committee, subject to the candidate having been interviewed by at least two (2) members of the Committee. Basis the recommendation of the panel members, the Committee may approve the appointment. Appointment of any executive whose fixed salary exceeds ₹7 millions p.a. will need to be approved by the NRC.

Following are the functions of Nomination and Remuneration Committee:

1. Review the structure, size, composition, diversity of the Board and make necessary recommendations to the Board with regard to any changes as necessary and formulation of policy thereon.
2. Evaluate the skills that exist, and those that are absent but needed at the Board level, and search for appropriate candidates who have the profile to provide such skill sets.
3. To evaluate the performance of the members of the Board and provide necessary report to the Board
4. Advise criteria for evaluation of Independent Directors and the Board & its Committees and carry out evaluation of every directors' performance.
5. To formulate the criteria for determining qualifications, positive attributes and independence of a director.
6. To recommend to the Board a policy, relating to the remuneration for directors, Key Managerial Personnel, Senior Management Personnel and other employees.
7. To formulate criteria for payment to Key Managerial Personnel and Senior Management Personnel performance based incentives / rewards based on Bank's performance.
8. Examine vacancies that will come up at the Board on account of retirement or otherwise and suggest course of action.
9. Undertake a process of due diligence to determine the suitability of any person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity other 'fit and proper' criteria, positive attributes and independence (if applicable) and formulate the criteria relating thereto.
10. Review the composition of Committees of the Board, and identify and recommend to the Board the Directors who can best serve as members of each Board Committee.
11. Review and recommend to the Board for approval the appointment of Managing Director & CEO and other whole-time Directors and the overall remuneration framework and associated policy of the Bank (including remuneration policy for directors and key managerial personnel) the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation and any other form of compensation as may be included from time to time to all the employees of the Bank including the Managing Director & CEO, other Whole-time Directors and senior managers one level below the Board.
12. Review and recommend to the Board for approval the total increase in manpower cost budget of the Bank as a whole, at an aggregate level, for the next year.
13. Recommend to the Board the compensation payable to the Non-Executive Chairman of the Bank.
14. Review the Code of Conduct and HR strategy, policy and performance appraisal process within the Bank, as well as any material changes in the organization structure which could have wide ranging implications.
15. Review and recommend to the Board for approval of various other HR related policies including the Talent Management Policy and Succession Policy in the Bank for ensuring business continuity, especially at the level of Board, MD & CEO, other Whole Time Directors, Senior Management Personnel (one level below the MD & CEO and other key roles).
16. Review and recommend to the Board for approval:
 1. the creation of new positions one level below MD & CEO, wherever required
 2. appointments, promotions and exits of senior managers one level below the MD & CEO.

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b) External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process

The Bank has engaged M-S. Avon Hewitt Limited for a project on Compensation Benchmarking, Increment Grid and Grade titling.

The Project is under way and final report is yet to be submitted by the consultant. The Bank has made payment of ₹ 0.3 millions (excluding GST) during the year ended 31 March 2021 as a partial payment towards this project.

c) Scope of the Bank's remuneration policy (eg. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches

The Human Resources Policy of the Bank, approved by the Board of the Bank on 09 January 2017 and the same has been reviewed by the Board of Directors in its meeting in March 2021 pursuant to the guidelines issued by RBI, to cover all employees of the Bank. Further the NRC has approved the revised remuneration structure of Managing Director and CEO subject to approval of Reserve Bank of India. The Bank also has in place a Policy on Risk Alignment of Compensation applicable for MD & CEO and Risk Control and Compliance. The policy is applicable to MD & CEO, WTD and employees in Risk and Compliance department.

d) Type of employees covered and number of such employees

All the employees of the Bank are covered. The total number of employees of the Bank as at 31 March 2021 were 10,361, 31 March 2020 were 8,831 and 31 March 2019 were 6,282.

B. Information relating to the design and structure of remuneration processes.

Key features and objectives of remuneration policy: The Bank has, under the guidance of the Nomination and Remuneration Committee ("NRC") and the Board, followed remuneration practices intended to drive meritocracy and performance based on a prudent risk management framework.

Effective governance of compensation: The NRC has oversight over compensation to senior management personnel and also provides overall guidance to the compensation paid to other employees.

Alignment of compensation philosophy with prudent risk taking: While the Bank seeks to achieve a mix of fixed and variable remuneration that is prudent, it currently has predominantly a fixed remuneration structure with no guaranteed bonuses. Further, the remuneration of employees in financial and risk control functions is not linked to business outcomes and solely depends on their performance. The Bank seeks to align remuneration with financial and non-financial performance indicators.

In FY 20-21, guaranteed bonus was approved for one employee after taking due approval from competent authorities.

In FY19-20, guaranteed bonus was approved for one employee after taking due approval from competent authorities.

In FY18-19, guaranteed bonus was approved for one employee after taking due approval from competent authorities.

Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made: The Board/NRC has been apprised of the Bank's remuneration policy and practices and the same is subject to periodic review.

In the FY 2020-21 the Board of the Bank has reviewed the policy in its meeting held on 20 March and 23 March 2021.

In the FY 2019-20, the Board of the Bank has reviewed the policy in its meeting held on 14 March 2020.

In the FY 2018-19 the Board of the Bank has reviewed the policy in its meeting held on 16 February 2019.

Discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee: The remuneration of employees in control functions such as Risk and Compliance depends solely on their individual and overall functional performance and is not linked to any business outcomes. The same is also reflected in their KRA's. The Bank also has in place a Policy on Risk Alignment of Compensation applicable for MD & CEO and Risk and Compliance.

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

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

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

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

Discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration: Not applicable

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

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

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

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

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

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

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

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

- a) For MD & CEO & Senior Management Team – As per the RBI guideline on Material Risk Takers, MD & CEO & SMT who have been classified as MRT's suitable deferral is being done. For FY 19-20, as a part of the MD & CEO – Annual Bonus, deferral was proposed as part of the overall proposal submitted to the Reserve Bank of India which is under their consideration.
- b) All ESOP 's which are granted across all levels in the organization have deferral arrangement in them
- c) Monthly / Quarterly Variable Pay - Based on the nature of the scheme, deferral arrangements are made in the same which differ from channel to channel.

The fraction of deferral to be considered is dependent upon –

- a) Guidelines issued by the Regulator from time to time
- b) Approval as per the overall performance framework approved by the NRC and the Board
- c) Driving right behaviours via the various incentive schemes.

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Discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements:

The Bank also has in place a Policy on Risk Alignment of Compensation applicable for MD & CEO and Risk Control and Compliance. This policy deals with the deferred payment of variable pay and claw back rule. In the FY 2020-2021, an amount of ₹3.07 millions was paid to MD & CEO as a part of variable pay for the FY 18-19, (FY 2019-20: Nil), (FY 2018-19: Nil).

F. Description of the different forms of variable remuneration that the Bank utilizes and the rationale for using these different forms.

The Bank has variable pay that is paid based on the performance that is applicable to all levels. The ESOP options of the Holding Company are currently given to eligible employees in Manager and above grade subject to performance. Employees in sales function do have incentives based on monthly business performance.

Overview of the forms of variable remuneration offered. A discussion of the use of different forms of variable remuneration and if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance:

The variable remuneration is offered in the form of annual performance bonus. The same is determined on the basis of comprehensive performance appraisal system wherein the performance of each employee is evaluated on the basis of defined Goal Sheet and KRA at the beginning of year and achievement against them.

Quantitative Disclosure-

As at March 21 the quantitative disclosure covers MD & CEO and Material Risk takers (as on 31 March 20 & 31 March 19 it covers MD & CEO and employees in the grade of Vice President and above)

(₹ in millions, except numbers)

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1(i)	Number of meetings held by the Remuneration Committee during the financial year.	10	7	4
1(ii)	Remuneration paid to its members during the financial year (sitting fees)	1.10	0.60	0.30
2(i)	Number of employees having received a variable remuneration award during the financial year.	5	16	9
2(ii)	Number and total amount of sign-on awards made during the financial year.	-	-	-
2(iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	-	1.90	-
2(iv)	Details of severance pay, in addition to accrued benefits, if any.	-	-	-
3(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	For MD & CEO Annual Cash Bonus of 4.5 millions for FY 19 -20 has been split into the following In FY 19 -20 - 2.5 In FY 20-21 - 0.6 In FY 21-22 - 0.7 In FY 22-23 - 0.7 The same is subject to RBI approval. Apart from the above, ESOPS have also been proposed for MD & CEO as per USFBL – ESOP scheme. These are also subject to RBI approval Apart from that the UCL ESOPS offered to VP and above employees have deferral clauses as per the existing UCL – ESOP scheme	-	-
3(ii)	Total amount of deferred remuneration paid out in the year.	-	-	-
4	Breakdown of amount of remuneration awards for the year*:			
	Fixed	Fixed : 71.21	Fixed CTC: 137.3	Fixed CTC: 67.6
	Variable	Variable: 7.65	Variable: 15.2	Variable: 2.8
	Deferred	Deferred: Nil	Deferred: Nil	Deferred: Nil
	Non-deferred	Non-deferred: 78.86	Non-deferred: 152.5	Non-deferred: 70.4
5(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	-	-	-
5(ii)	Total amount of reductions during the year due to ex- post explicit adjustments.	-	-	-
5(iii)	Total amount of reductions during the year due to ex- post implicit adjustments	-	-	-
6	Number of MRTs identified**	8 MRTs & 1 WTD	NA	NA

7(i)	Number of cases where malus has been exercised.	-	-	-
7(ii)	Number of cases where clawback has been exercised.	-	-	-
7(iii)	Number of cases where both malus and clawback have been exercised.	-	-	-
8	The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	0.32 millions & 55 times	0.29 millions & 45 times	0.26 millions & 34 times

*Remuneration excludes the cost accounted under Employee Stock Option Plan of the Holding Company and other retirement benefits related costs which is accounted at entity level based on actuarial valuation.

** As per RBI Circular No.23/29.67.001/2019-20 dtd November 4, 2019 effective from FY 20-21.

Accrual of bonus have not been considered since employee level bifurcation is not available at the time of provision for bonus. The bonus paid during the year pertains to previous financial years.

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

23.34 Contingent liabilities

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

- a. The Bank is contingently liable to certain SPV with respect to securitization of loans and advances to the extent of cash collateral deposits and credit enhancements.
- b. There is a capital commitment towards open purchase orders.
- c. Pending litigation against the Bank.
- d. Demands against tax assessments.

Refer Annexure 17 for amounts relating to contingent liabilities.

23.35 Bank has not issued any letters of comfort during the year ended 31 March 2021, year ended 31 March 2020 and year ended 31 March 2019. Further there are no outstanding comfort letters as at 31 March 2021, as at 31 March 2020 and as at 31 March 2019.

23.36 Liquidity Coverage Ratio (LCR)

Qualitative disclosure around LCR

Liquidity Coverage Ratio (LCR) is a global minimum standard for Bank's liquidity. The ratio aims to ensure that a bank has an adequate stock of unencumbered High - Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs for a 30 calendar days of severe liquidity stress scenario.

The LCR is a ratio of High Quality Liquid Unencumbered Assets (HQLA) to total estimated net outflows over a stressed period of 30 calendar days.

The net cash outflows are calculated by applying RBI prescribed outflow factors to the various categories of liabilities (deposits, unsecured and secured wholesale borrowings), as well as to undrawn commitments and derivative-related exposures, partially offset by inflows from assets maturing within 30 days.

The Board of Directors has the overall responsibility for management of liquidity risk. The Board at overall level decides the liquidity risk tolerance/limits and accordingly decides the strategy, policies and procedures of the Bank for managing liquidity risk.

The Board has constituted Risk Management Committee (RMC), which reports to the Board, and consisting of Chief Executive Officer (CEO) /Chairman and certain other Board members. The Committee is responsible for evaluating the overall risks faced by the Bank including liquidity risk. The potential interaction of liquidity risk with other risks is included in the risks addressed by the Risk Management Committee.

At the executive level, Asset Liability Management Committee (ALCO) ensures adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy of the Bank in line with Bank's risk management objectives and risk tolerance. A dedicated desk within Treasury function of the Bank is responsible for the day-to-day / intra-day liquidity management.

ALCO of the Bank channelizes various business segments of the Bank to target good quality asset and liability profile to meet the Bank's profitability as well as Liquidity requirements with the help of robust MIS and Risk Limit architecture of the Bank.

The Bank has been maintaining HQLA (Level 1) primarily in the form of Excess CRR, excess SLR investments over and above mandatory requirement.

Utkarsh Small Finance Bank Limited
Schedules forming part of Financial Statements

Quantitative Disclosures

Following is the quantitative disclosures relating to LCR for the year ended 31 March 2021 , wherein the amounts are average of daily positions during the quarter:

(₹ in millions)

	Particulars	Three months ended 31 March 2021		Three months ended 31 December 2020		Three months ended 30 September 2020		Three months ended 30 June 2020	
		Unweighted Amount	Weighted Amount	Unweighted Amount	Weighted Amount	Unweighted Amount	Weighted Amount	Unweighted Amount	Weighted Amount
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		30,672.18		32,054.37		30,915.19		25,745.00
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	32,405.30	3,182.49	27,834.71	2,748.45	24,381.64	2,410.32	20,276.06	1,996.03
(i)	Stable Deposits	1,161.47	58.09	700.39	35.02	556.92	27.85	631.43	31.57
(ii)	Less Stable Deposits	31,243.83	3,124.40	27,134.32	2,713.40	23,824.72	2,382.47	19,644.63	1,964.46
3	Unsecured wholesale funding, of which:	18,513.61	12,946.00	13,885.51	9,336.20	13,486.68	8,551.00	11,656.35	7,117.10
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	7,554.91	1,987.30	6,091.31	1,542.00	5,760.92	825.20	5,512.65	973.40
(iii)	Unsecured debt	10,958.70	10,958.70	7,794.20	7,794.20	7,725.80	7,725.80	6,143.70	6,143.70
4	Secured wholesale funding		-		-		1,203.30		-
5	Additional requirements, of which	3,203.42	160.20	3,031.37	151.57	2,762.85	138.14	2,423.14	121.20
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	3,203.42	160.20	3,031.37	151.57	2,762.85	138.14	2,423.14	121.20
6	Other contractual funding obligations	5,595.50	5,595.50	4,727.09	4,727.09	2,525.71	2,525.71	1,293.69	1,293.70
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS		21,884.19		16,963.32		14,828.42		10,528.10
Cash Inflow									
9	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	4,810.24	2,405.12	4,595.00	2,297.50	1,641.12	820.56	-	-
11	Other cash inflows	1,282.40	1,282.40	2,198.54	2,198.54	2,178.51	2,178.51	716.94	716.94
12	TOTAL CASH INFLOWS	6,092.64	3,687.52	6,793.54	4,496.04	3,819.63	2,999.07	716.94	716.94
13	TOTAL HQLA		30,692.71		32,054.37		30,915.19		25,745.00
14	Total Net Cash Outflows (8-12)		18,196.67		12,467.28		11,829.35		9,811.16
15	25% of Total Cash outflows [8*0.25]		5,471.00		4,240.80		3,707.10		2,632.00
16	Total Net Cash Outflows [Higher of 14 or 15]		18,196.67		12,467.28		11,829.35		9,811.16
	Liquidity Coverage Ratio (%)		168.56%		257.11%		261.34%		262.41%

Following is the quantitative disclosures relating to LCR for the year ended March 31, 2020, wherein the amounts are average of daily positions during the quarter:

(₹ in millions)

	Particulars	Three months ended 31 March 2020		Three months ended 31 December 2019		Three months ended 30 September 2019		Three months ended 30 June 2019	
		Unweighted Amount	Weighted Amount	Unweighted Amount	Weighted Amount	Unweighted Amount	Weighted Amount	Unweighted Amount	Weighted Amount
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		15,558.60		12,863.80		12,146.10		9678.5
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	17,813.80	1,750.20	15,440.60	1,381.70	12,837.30	1,148.30	10,167.50	908.20
(i)	Stable Deposits	623.40	31.20	3,246.40	162.30	2,708.60	135.40	2,170.60	108.50
(ii)	Less Stable Deposits	17,190.40	1,719.00	12,194.20	1,219.40	10,128.70	1,012.90	7,996.90	799.70
3	Unsecured wholesale funding, of which:	15,443.20	9,014.10	11,669.10	6,303.20	11,066.90	5,978.10	9,763.40	5,329.90
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	#	-
(ii)	Non-operational deposits (all counterparties)	8,814.20	2,385.10	7,054.60	1,688.70	7,036.60	1,947.80	6,303.40	1,869.90
(iii)	Unsecured debt	6,629.00	6,629.00	4,614.50	4,614.50	4,030.30	4,030.30	3,460.00	3,460.00
4	Secured wholesale funding		-		-		200.90		121.00
5	Additional requirements, of which	2,025.80	101.30	2,070.90	103.60	1,907.20	95.40	1,584.40	79.20
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	#	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	#	-
(iii)	Credit and liquidity facilities	2,025.80	101.30	2,070.90	103.60	1,907.20	95.40	1,584.40	79.20
6	Other contractual funding obligations	285.00	285.00	145.00	145.00	98.30	98.30	800.00	575.60
7	Other contingent funding obligations	-	-	-	-	-	-	#	-
8	TOTAL CASH OUTFLOWS		11,150.60		7,933.50		7,521.00		7,013.90
Cash Inflow									
9	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	#	-
10	Inflows from fully performing exposures	4,638.50	2,319.20	4,252.90	2,126.40	3,884.60	1,942.30	3,601.90	1,801.00
11	Other cash inflows	1,774.30	1,774.30	2,866.50	2,866.50	3,876.90	3,876.90	5,601.90	5,601.90
12	TOTAL CASH INFLOWS	6,412.80	4,093.50	7,119.40	4,992.90	7,761.50	5,819.20	9,203.80	7,402.90
13	TOTAL HQLA		15,558.60		12,863.80		12,146.10		9,678.50
14	Total Net Cash Outflows (8-12)		7,057.10		2,940.60		1,701.80		(389.00)
15	25% of Total Cash outflows [8*0.25]		2,787.65		1,983.38		1,880.25		1,753.48
16	Total Net Cash Outflows [Higher of 14 or 15]		7,057.10		2,940.60		1,880.25		1,753.48
	Liquidity Coverage Ratio (%)		220.48%		437.47%		645.99%		551.96%

Following is the quantitative disclosures relating to LCR for the year ended March 31, 2019, wherein the amounts are average of daily positions during the quarter:

(₹ in millions)

	Particulars	Three months ended 31 March 2019		Three months ended 31 December 2018		Three months ended 30 September 2018		Three months ended 30 June 2018	
		Unweighted Amount	Weighted Amount	Unweighted Amount	Weighted Amount	Unweighted Amount	Weighted Amount	Unweighted Amount	Weighted Amount
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		7485.10		5993.60		5115.20		5129.90
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	770.32	687.00	530.63	473.10	366.61	324.40	243.75	214.40
(i)	Stable Deposits	1,667.20	83.40	1,151.30	57.60	843.50	42.20	587.00	29.30
(ii)	Less Stable Deposits	6,036.00	603.60	4,155.00	415.50	2,822.60	282.30	1,850.50	185.00
3	Unsecured wholesale funding, of which:	616.79	3,577.40	386.11	1,476.40	304.67	533.10	271.93	454.90
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	3,681.80	1,091.30	2,645.30	260.50	2,789.30	275.80	2,513.60	249.20
(iii)	Unsecured debt	2,486.10	2,486.10	1,215.80	1,215.80	257.40	257.40	205.70	205.70
4	Secured wholesale funding		390.70		292.50		507.80		212.30
5	Additional requirements, of which	1,133.70	56.70	369.00	18.50	394.00	19.70	159.50	8.00
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	1,133.70	56.70	369.00	18.50	394.00	19.70	159.50	8.00
6	Other contractual funding obligations	951.40	951.40	391.70	391.70	34.40	34.40	414.70	414.70
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS		5,663.10		2,652.10		1,419.50		1,304.30
Cash Inflow									
9	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	3,091.60	1,545.80	2,869.70	1,434.80	2,504.70	1,252.40	1,951.70	975.80
11	Other cash inflows	2,921.40	2,921.40	2,155.70	2,155.70	1,632.10	1,632.10	2,830.20	2,830.20
12	TOTAL CASH INFLOWS	6,012.90	4,467.10	5,025.40	3,590.50	4,136.90	2,884.50	4,781.80	3,806.00
13	TOTAL HQLA		7,485.10		5,993.60		5,115.20		5,129.90
14	Total Net Cash Outflows (8-12)		1,196.00		(938.40)		(1,465.00)		(2,501.70)
15	25% of Total Cash outflows [8*0.25]		1,415.78		663.03		354.88		326.08
16	Total Net Cash Outflows [Higher of 14 or 15]		1,415.78		663.03		354.88		326.08
	Liquidity Coverage Ratio (%)		528.68%		904.01%		1441.41%		1573.11%

Note:

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

2. Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

23.37 Intra-Group exposures (₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Total amount of intra-group exposures	-	-	-
Total amount of top-20 intra-group exposures	-	-	-
Percentage of intra-group exposures to total exposure of the bank on borrowers/customers	-	-	-

23.38 Details of provisioning pertaining to fraud accounts

The following table sets forth, the details of provisioning pertaining to fraud accounts: (₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Number of frauds reported*	30	47	39
Amount involved in frauds	2.40	8.50	8.40
Provision made	1.90	5.90	6.20
Unamortised provision debited from 'other reserves'	-	-	-

The Bank has recovered the amount of ₹ 0.5 million as at 31 March 2021, ₹2.6 millions as at 31 March 2020 and ₹2.2 millions as at 31 March 2019 against amount involved in frauds.

23.39 Transfers to Depositor Education and Awareness Fund (DEAF)

Below mentioned are the details of funds transferred to Depositor Education and Awareness Fund.

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening balance of amounts transferred to DEAF	-	-	-
Add: Amounts transferred to DEAF during the year	-	-	-
Less: Amounts reimbursed by DEAF towards claims	-	-	-
Closing balance of amounts transferred to DEAF	-	-	-

23.40 Credit Default Swap

The Bank has not entered into Credit Default Swap during the year ended 31 March 2021, year ended 31 March 2020 and year ended 31 March 2019.

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

The borrowers of the Bank do not have any Unhedged Foreign Currency Exposure as at 31 March 2021, 31 March 2020 and 31 March 2019.

23.42 The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts) in the books of accounts.

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

23.43

The board of directors in their meeting dated 22 May 2020 decided to contribute towards corporate social responsibility up to ₹25.00 millions which is higher than the amount required to be spent by Section 135 of the Companies Act, 2013.

The board of directors in their meeting dated 20 May 2019 decided to contribute towards corporate social responsibility up to ₹10.00 millions which is higher than the amount required to be spent by Section 135 of the Companies Act, 2013.

The board of directors in their meeting dated 20 July 2018 decided to contribute towards corporate social responsibility up to ₹4.10 millions which is higher than the amount required to be spent by Section 135 of the Companies Act, 2013.

(₹ in millions)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Gross amount required to be spent by the Company during the year	20.29	4.03	-
b) Amount spent during the year on purposes other than construction/acquisition of any asset	-	-	-
Paid in cash	25.00	10.00	4.10
Yet to be paid	-	-	-
Total of amount spent	25.00	10.00	4.10

23.44 The Bank's pending litigations include claims against the Bank by counterparties and proceedings pending with tax authorities. The Bank has reviewed its pending litigations and proceedings and has adequately provided for where provisions are required, and disclosed as contingent liabilities where applicable.

The Bank have Nil pending litigations as at 31 March 2019.

23.45 The following table sets forth, for the years indicated, the movement in software acquired by the Bank, as included in fixed assets.

(₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
At cost at March 31 of preceding year	125.35	41.90	50.60
Additions during the year	142.18	135.30	27.30
Deductions during the year	-	-	-
Accumulated depreciation to date	71.82	51.90	36.00
Net block	195.71	125.30	41.90

23.46 "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.

23.47 COVID-19 virus, a global pandemic has affected the world economy including India. The extent to which the COVID-19 pandemic will impact the Bank's operations and financial results will depend on the future developments, which are highly uncertain. In accordance with the RBI guidelines on 'COVID-19 Regulatory Package' of 27 March 2020 and 17 April 2020, the Bank has granted moratorium of three months on payment of all instalments/interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to eligible borrowers. Further, in line with the additional Regulatory Package guideline of RBI of 23 May 2020, the Bank has granted a second three month moratorium on instalments/interest, as applicable, due between 1 June 2020 and 31 August 2020 to eligible borrowers. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of determining whether an asset is non-performing). Bank had performed stress testing under different scenarios to assess the credit quality and possible impact on provision which may persist even after the restrictions related to the COVID-19 outbreak are lifted. The Bank holds provisions as at 31 March 2021 against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Bank are in excess of the RBI prescribed norms.

The disclosure as required by RBI circular dated 17 April, 2020 for the year ended 31 March 2021 is given below:

Items	Amount (₹ in millions)
Amounts of advances that are SMA or overdue as of 29 February 2020, where the moratorium/deferment was extended	280.23
Amount of advances where asset classification benefits was extended as of 31 March 2021	229.79
Provisions made as on above	28.02
Provisions adjusted against slippages/restructured assets	28.02
Residual provisions as on 31 March 2021	-

23.48 In accordance with the instructions in the circular RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated 7 April 2021, the Bank shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' has been finalised by the Indian Banks Association (IBA) in consultation with other industry participants / bodies, on April 19, 2021. The Bank has estimated the said amount and recognised an interest reversal in its Profit and Loss Account for the year ended 31 March 2021.

23.49 The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated 3 September 2020 ("Interim Order"), had directed banks that accounts which were not declared NPA till 31 August 2020 shall not be declared as NPA till further orders. Accordingly, the Bank did not classify any account which was not NPA as of 31 August 2020 as per the RBI's Prudential Norms on Income Recognition, Asset Classification, and Provisioning (IRAC) norms, as NPA after 31 August 2020. However, as a basis its assessment and as a prudent measure, the Bank had followed the extant policies relating to NPA's in this regards.

The interim order granted to not declare accounts as NPA stood vacated on 23 March 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular dated 7 April 2021 issued in this connection, the Bank has followed with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

23.50 The Reserve Bank of India, vide its circular dated 22 April 2021, have instructed that while allowing banks to pay dividend on equity shares, to review the dividend declaration norms for the year ended March 31, 2021. Bank will not make any dividend pay-outs from profits pertaining to the financial year ended 31 March 2021, with a view to conserve capital in an environment of heightened uncertainty caused by the ongoing second wave of COVID-19

Utkarsh Small Finance Bank Limited
Annexure forming part of the Restated Financial Information

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

For **Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

For and on behalf of Board of Directors
Utkarsh Small Finance Bank Limited
CIN:U65992UP2016PLC082804

Purushottam Nyati
Partner
Membership No: 118970

Kajal Ghose
Director
DIN:07702190

P. H. Ravikumar
Director
DIN : 00280010

Govind Singh*
Managing Director & CEO
DIN: 02470880

Mukund Barsagade
Chief Financial Officer
FCA: 048560

Nutan Rane
Company Secretary
ACS 20260

Place: Mumbai
Date: 25 April 2021

Place: Mumbai / *Gurugram
Date: 25 April 2021

DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE DIRECTORS OF OUR BANK

Mr. Puranam Hayagreeva Ravikumar
(*Part time non – executive chairman and
Independent Director*)

Place: Mumbai

Date: [●], 2021

DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE DIRECTORS OF OUR BANK

Mr. Govind Singh

(Managing Director and chief executive officer)

Place: Mumbai

Date: [●], 2021

DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE DIRECTORS OF OUR BANK

Mr. Kajal Ghose
(Independent Director)

Place: Navi Mumbai

Date: [●], 2021

DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE DIRECTORS OF OUR BANK

Ms. Anita Ramachandran

(Nominee Director)

Place: Mumbai

Date: [●], 2021

DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE DIRECTORS OF OUR BANK

Mr. Govindasamy Sampath Kumar
(Nominee Director)

Place: Lucknow

Date: [●], 2021

DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE DIRECTORS OF OUR BANK

Ms. Kalpana Prakash Pandey
(Independent Director)

Place: Mumbai

Date: [●], 2021

DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE DIRECTORS OF OUR BANK

Mr. Nagesh Dinkar Pinge
(Independent Director)

Place: Mumbai

Date: [●], 2021

DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE DIRECTORS OF OUR BANK

Mr. Muralidharan Rajamani

(Non-executive Director)

Place: Mumbai

Date: [●], 2021

DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE DIRECTORS OF OUR BANK

Mr. Ajay Kumar Kapur
(Independent Director)

Place: New Delhi

Date: [●], 2021

DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER

Mr. Mukund Barsagade
(Chief Financial Officer)

Place: Mumbai

Date: [●], 2021

DECLARATION BY THE PROMOTER SELLING SHAREHOLDER

Utkarsh CoreInvest Limited hereby confirms that all statements and undertakings specifically made or confirmed by it in this Addendum about or in relation to itself, as the Promoter Selling Shareholder and its Offered Shares, are true and correct. Utkarsh CoreInvest Limited assumes no responsibility for any other statements, including any of the statements made by or relating to the Bank or any other person(s) in this Addendum.

Signed for and on behalf of **Utkarsh CoreInvest Limited**

Name: Ashwani Kumar

Designation: Managing director and CEO

Date: [●], 2021

Place: Varanasi