



Utkarsh Small Finance Bank

SE/2023-24/09

April 28, 2023

The BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400001

Dear Sir/Madam,

Sub: Outcome of Board Meeting of Utkarsh Small Finance Bank Limited (“Bank”)

Ref: Scrip Code: 959644

Further to our letter dated April 15, 2023 intimating the date of the Board meeting and in accordance with Regulation 51, 52, 52(3) & (4) and other applicable regulations, if any of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby would like to submit:

1. Audited financial results for the year ended March 31, 2023 approved by the Board of Directors at their meeting held on April 28, 2023.
2. that the M/s. Deloitte Haskins & Sells, Chartered Accountants and M/s. Kirtane & Pandit LLP, Chartered Accountants, Joint Statutory Auditors have submitted audit report with unmodified opinion for the audited financial results for the year ended March 31, 2023.

The financial results shall be made available on the website of the Bank <https://www.utkarsh.bank>

The meeting of Board of Directors concluded at 18.40.

Kindly take the same on record.

Thanking You
Yours Faithfully,

For Utkarsh Small Finance Bank Limited

Muthiah Ganapathy
Company Secretary & Compliance Officer

Registered & Corporate Office:

Utkarsh Tower, NH - 31 (Airport Road) Sehmalpur, Kazi Sarai, Harhua Varanasi - Uttar Pradesh 221105

CIN: U65992UP2016PLC082804 | Tel.: 0542-6605555 | Website: www.utkarsh.bank

Deloitte Haskins & Sells

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Kirtane & Pandit LLP

Chartered Accountants
H-16, Saraswat Colony,
Sitladevi Temple Road,
Mahim West,
Mumbai 400 016, India
Tel: +91 022 2444 4119
Fax: +91 022 2444 1147

FINANCIAL RESULTS**TO THE BOARD OF DIRECTORS OF
UTKARSH SMALL FINANCE BANK LIMITED****Opinion**

We have audited the Financial Results for the Quarter and Year ended March 31, 2023 ('Financial Results') included in the accompanying 'Statement of Audited Financial Results for Quarter and Year Ended March 31, 2023 of **UTKARSH SMALL FINANCE BANK LIMITED** (the 'Bank'), (the 'Statement'), being submitted by the Bank pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

In our opinion and to the best of our information and according to the explanations given to us, the Financial Results for the quarter and year ended March 31, 2023:

- i. is presented in accordance with the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Accounting Standards prescribed under Section 133 of the Companies Act 2013, ("Accounting Standards"), in so far as they apply to banks, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time and other accounting principles generally accepted in India of the net profit and other financial information of the Bank for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Companies Act, 2013 (the "Act"). Our responsibilities under those Standards are further described in paragraph (a) of Auditor's Responsibilities section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (the "ICAI") together with the ethical requirements that are relevant to our audit of the Financial Results for the quarter and year ended March 31, 2023, under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibilities for the Statement

This Statement which includes the Financial Results is the responsibility of the Bank's Board of Directors and has been approved by them for the issuance. The Financial Results for the quarter and year ended March 31, 2023, has been compiled from the related audited financial statements. This responsibility includes the preparation and presentation of the Financial Results for the quarter and year ended March 31, 2023 that give a true and fair view of the net profit and other financial information in accordance with the recognition and measurement principles laid down in the Accounting Standard prescribed under Section 133 of the Act read with relevant rules issued thereunder, in so far as they apply to banks, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time and other accounting principles generally accepted in India and in compliance with Regulation



52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Financial Results, the Board of Directors are responsible for assessing the Bank's ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Bank.

Auditor's Responsibilities for audit of the Financial Results for the quarter and year ended 31 March 2023

Our objectives are to obtain reasonable assurance about whether the Financial Results for the quarter and year ended March 31, 2023, as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 52 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Bank to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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



Deloitte Haskins & Sells

Kirtane & Pandit LLP

- Obtain sufficient appropriate audit evidence regarding the Quarter and Annual Financial Results of the Bank to express an opinion on the Annual Financial Results.

Materiality is the magnitude of misstatements in the Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Results.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The comparative financial information of the Bank for the previous reporting periods included in the Statement have been reviewed/ audited by the predecessor auditor. The report of the predecessor auditor on this comparative financial information expressed an un-modified conclusion/opinion. Our Opinion on the Statement is not modified in respect of this matter.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117365W)

For **Kirtane & Pandit LLP**
Chartered Accountants
(Firm Registration No.105215W/W100057)



G. K. Subramaniam
Partner
Membership No. 109839
UDIN: 23109839BGXPXH4194
Place: Mumbai
Date: April 28, 2023



Sandeep Welling
Partner
Membership No. 044576
UDIN: 23044576BGXPSE7095
Place: Mumbai
Date: April 28, 2023



Utkarsh Small Finance Bank Limited
Registered office address: Utkarsh Tower, NH-31 (Airport Road), Sehmapur, Kazi Sarai, Harhua, Varanasi, Uttar Pradesh, PIN -221105
Statement of Audited Financial Results for the quarter and year ended 31 March 2023

(₹ in lakh)

	For the quarter ended	For the quarter ended	For the quarter ended	For the year ended	For the year ended
	31 March 2023	31 December 2022	31 March 2022	31 March 2023	31 March 2022
	Audited	Audited	Unaudited	Audited	Audited
1 Interest Earned (a+b+c+d)	69,110.92	64,082.31	53,602.62	250,497.98	184,881.26
(a) Interest/ discount on advances/ bill	62,196.48	58,390.29	49,274.16	227,812.10	164,612.63
(b) Income on investments	4,644.43	3,540.94	3,318.89	15,053.55	15,492.52
(c) Interest on balances with Reserve Bank of India and other interbank	2,269.33	2,150.20	1,008.66	7,629.03	4,772.48
(d) Others	0.68	0.88	0.91	3.30	3.63
2 Other Income	6,914.69	7,116.87	5,022.18	29,930.62	18,483.34
3 Total Income (1+2)	76,025.61	71,199.18	58,624.80	280,428.60	203,364.60
4 Interest Expended	28,152.06	24,729.75	20,138.47	97,594.89	78,796.25
5 Operating Expenses (i)+(ii)	27,042.52	25,503.49	21,748.57	99,001.36	73,374.95
(i) Employees cost	15,895.02	14,570.82	12,727.95	57,005.69	42,982.55
(ii) Other operating expenses	11,147.50	10,932.67	9,020.62	41,995.67	30,392.40
6 Total Expenditure (4+5) excluding provisions and contingencies	55,194.58	50,233.24	41,887.04	196,596.25	152,171.20
7 Operating Profit before Provisions and Contingencies (3-6)	20,831.03	20,965.94	16,737.76	83,832.35	51,193.40
8 Provisions (other than tax) and Contingencies	3,409.74	8,730.32	11,165.39	30,250.93	43,222.12
9 Exceptional item	-	-	-	-	-
10 Profit for the period / year before tax (7-8-9)	17,421.29	12,235.62	5,572.37	53,581.42	7,971.28
11 Tax expense	4,041.50	2,885.46	729.63	13,131.23	1,825.12
12 Net Profit for the period / year after tax (10-11)	13,379.79	9,350.16	4,842.74	40,450.19	6,146.16
13 Paid-up equity share capital (of ₹ 10 each)	89,590.47	89,571.95	89,552.15	89,590.47	89,552.15
14 Reserves excluding Revaluation Reserves				110,441.59	67,677.53
15 Analytical Ratios					
Capital Adequacy Ratio	20.64%	20.39%	21.59%	20.64%	21.59%
EPS Basic (₹) (not annualised for quarters)	1.49	1.04	0.55	4.52	0.70
EPS Diluted (₹) (not annualised for quarters)	1.49	1.04	0.55	4.51	0.70
NPA Ratios					
Gross NPA	43,150.36	44,848.16	64,815.69	43,150.36	64,815.69
Net NPA	5,051.16	8,742.50	23,579.55	5,051.16	23,579.55
% of Gross NPA	3.23%	3.58%	6.10%	3.23%	6.10%
% of Net NPA	0.39%	0.72%	2.31%	0.39%	2.31%
Return on Assets (not annualised for quarters)	0.73%	0.56%	0.35%	2.45%	0.48%
Net Worth*	184,482.24	170,120.40	142,076.05	184,482.24	142,076.05
Total Debt ^b to Total Assets ratio	12.29%	12.97%	17.07%	12.29%	17.07%
Debt Equity Ratio ^c	1.17	1.26	1.64	1.17	1.64

* as per RBI guidelines.

^bDebt represents total borrowings of the Bank & Equity consists of Share Capital plus Reserves

As per regulation 52(4) of SEBI (Listing Obligation & Disclosure Requirements) regulations 2015, the debt listed entities are required to disclose certain ratios. However the ratios which are relevant to Banking sector are disclosed above.



Notes:

1. Statement of Assets and Liabilities is given below:

(₹ in lakh)

	As at 31 March 2023	As at 31 March 2022
	Audited	Audited
CAPITAL and LIABILITIES		
Capital	89,590.47	89,552.15
Reserves and Surplus	110,441.59	67,677.53
Deposits	1,371,014.00	1,007,418.26
Borrowings	234,947.53	257,193.49
Other Liabilities and Provisions	105,760.56	84,535.55
	1,911,754.15	1,506,376.98
ASSETS		
Cash and balances with Reserve Bank of India	119,205.66	179,789.72
Balances with banks and money at call and short notice	132,430.64	7,375.19
Investments	285,942.22	234,792.38
Advances	1,306,876.55	1,022,814.73
Fixed Assets	30,332.39	28,653.35
Other Assets	36,966.69	32,951.61
	1,911,754.15	1,506,376.98
Contingent Liabilities	34,160.49	5,641.92
Bills for Collection	-	-



Utkarsh Small Finance Bank Limited
Registered office address: Utkarsh Tower, NH-31 (Airport Road), Sehmulpur, Kazi Sarai, Harhua, Varanasi, Uttar Pradesh, PIN -221105
Cash Flow Statement for the year ended 31 March 2023

2. Statement of Cash Flow is given below:

		(₹ in lakh)	
S.No	Particulars	For the year ended 31	For the year ended 31
		March 2023	March 2022
		Audited	Audited
I	Cash flow from operating activities		
	Profit before taxes	53,581.42	7,971.28
	Adjustments for:-		
	Depreciation on fixed assets	5,865.50	4,088.40
	Depreciation on investments, net	(442.17)	(1,494.09)
	Amortization of premium on Held to Maturity Investment	2,070.16	1,749.21
	Profit on sale & Redemption of IITM portfolio	-	(41.37)
	Unrealised loss on external commercial borrowings	-	(60.39)
	Write-off of non performing advances	38,278.14	21,938.34
	Provision for standard advances and other contingencies (including floating provision)	2,889.19	(171.15)
	Provision for non performing advances (net of reversal)	(11,288.50)	20,242.54
	Loss on sale of fixed assets (Net)	-	(6.25)
	Other provisions and write off	1,705.31	1,719.57
		92,659.05	55,936.09
	Adjustments for:-		
	Decrease in investments (other than HTM investment)	8,992.93	55,636.28
	(Increase) in advances	(310,916.48)	(243,444.84)
	Increase in deposits	363,595.75	256,661.44
	(Increase) in other assets	(10,438.56)	(3,892.59)
	Increase in other liabilities and provisions	19,078.32	17,456.93
		70,311.96	82,417.22
	Payment of Direct Taxes	(7,071.04)	(5,437.69)
	Net cash flow generated from operating activities (A)	155,899.97	132,915.62
II	Cash flow from/(used in) investing activities		
	Purchase of fixed assets including capital work in progress	(7,584.70)	(14,667.33)
	Proceeds from sale of fixed assets	40.17	48.95
	Purchase of held to maturity (HTM) securities (net of sales)	(61,770.77)	(59,248.86)
	Net cash flow (used in) investing activities (B)	(69,315.30)	(73,867.24)
III	Cash flow from/(used in) Financing Activities		
	Proceeds from issue of share capital (net of share issue expenses)	132.68	14,663.57
	Net Proceeds / (repayments) from borrowings	(22,245.96)	(3,528.64)
	Net cash flow (used in) /generated from financing activities (C)	(22,113.28)	11,134.93
IV	Net increase in cash and cash equivalents (A) + (B) + (C)	64,471.39	70,183.31
V	Cash and cash equivalents at the beginning of the year	187,164.91	116,981.60
VI	Cash and cash equivalents at the end of the year	251,636.30	187,164.91
	Notes to the Cash Flow Statement:		
	Cash and cash equivalents includes the following:		
(i)	Cash and Balances with Reserve Bank of India	119,205.66	179,789.72
(ii)	Balance with banks and money at call and short notice	132,430.64	7,375.19
	Cash and cash equivalents at the end of the year	251,636.30	187,164.91

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.

- The financial results for the year ended 31 March 2023 have been reviewed by the Audit Committee at its meeting held on 28 April 2023 and recommended for adoption to the Board of Directors. The Board of Directors of the Bank have considered and approved the same at its meeting held on 28 April 2023.
The Joint Statutory Auditors have audited the financial results as required under Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and have issued an unmodified opinion thereon.
The comparative financial information of the Bank for the previous reporting year included in the Statement have been audited/reviewed by the predecessor auditor. The report of the predecessor auditor on these comparative financial information expressed an un-modified opinion/conclusion.
- These financial results of the Bank have been prepared in accordance with the Banking Regulation Act, 1949, generally accepted accounting principal in India, including accounting standards as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (accounting standard) Rules, 2006, as amended ("Accounting Standard") as applicable to the banks, Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), 2015, as amended and guidelines issued by Reserve Bank of India (RBI).
- The Capital adequacy ratio ("CRAR") has been computed as per the Operating guidelines vide RBI notification RBI/2016-17/81 DBR.NBD.NO.26/16.13.218/2016-17 dated 6 October 2016 ("the Operating guidelines") prescribed for Small Finance Banks. The Bank has followed Basel II standardised approach for credit risk in accordance with the operating guidelines issued by the RBI for Small Finance Banks. Further no separate capital charge for market risk and operational risk has been computed in view of the exception contained in RBI Notification DBR. NBD. NO. 4502/16.13.218/2017-18 dated 8 November 2017.
The Capital Adequacy Ratio is computed on the basis of RBI guidelines applicable on the relevant reporting dates and the ratio for the corresponding previous periods is not adjusted to consider the impact of subsequent changes if any, in the guidelines.



6. During the quarter and year ended 31 March 2023 / 2022, the Bank has issued 185,116 (31 March 2022: 17,844) and 383,141 (31 March 2022: 47,187,653) equity shares to employees under ESOP scheme having face value of ₹10 each at a premium ranging from ₹4 to ₹17 (31 March 2022: ₹4 to ₹22) for cash aggregating to ₹27.88 lakhs (31 March 2022: ₹2.50 lakhs) and ₹81.35 lakhs (31 March 2022: ₹15,002.50 lakhs) respectively. Accordingly, share capital increased by ₹18.51 lakhs (31 March 2022: ₹1.78 lakhs) and ₹38.31 lakhs (31 March 2022: ₹4,718.76 lakhs) and share premium increased by ₹9.37 lakhs (31 March 2022: ₹0.71 lakhs) and ₹43.04 lakhs (31 March 2022: ₹10,283.73 lakhs).
7. In the year ended 31 March 2023, the impact of disruptions resulting from COVID-19 has eased substantially, however the Bank continues to monitor the developments/ ongoing impact resulting from COVID-19 Pandemic and any action to contain its spread or mitigate its impact. As at 31 March 2023, Bank carries additional floating provision of ₹8.000 lakhs (₹6,000 lakhs as at 31 December 2022). Further, the Bank was carrying an additional contingency provision of ₹6,500 lakhs as at 31 March 2022 which has been utilised to the extent of ₹5,200 lakhs in the current year and consequently the provision as at 31 March 2023 is ₹1,300 lakhs.
8. Disclosure under Resolution Framework for COVID-19-related Stress:

(₹ in lakhs except number of accounts)

Type of borrower	(A) Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at the end of 30 September 2022	Of (A), aggregate debt that slipped into NPA during the half year	Of (A) amount written off during the half year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of 31 March 2023
Personal Loans	2,092.66	209.02	-	472.68	1,410.96
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	3,407.54	369.79	0.06	1,423.60	1,614.09
Total**	5,500.20	578.81	0.06	1,896.28	3,025.05

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

Amount paid by the borrower during the half year is net of additions in the borrower amount due to fresh disbursements made.

9. During the year ended March 31, 2022, with effect from January 2022, the Bank revised its Non-Performing Asset (NPA) provisioning policy in relation to secured portfolio which is in line with RBI guidelines. The Impact of such change resulted in reduction of provisioning of ₹16.12 Lakhs for the quarter ended 31 March 2023 (₹84.59 Lakhs for the quarter ended 31 December 2022 and ₹311.94 Lakhs for the year ended 31 March 2022).
10. The Bank is in the process of completing the Initial Public Offer (IPO) as per the regulatory requirement and has incurred certain expenses towards proposed Initial public offering (IPO) of its equity shares which would be charged-off to securities premium account in accordance with Section 52 of the Companies Act, 2013 upon completion of the process of IPO.
11. Other income includes processing fees, profit/loss on sale of investment (including provision for depreciation), recovery from loans written off and income from sale of PSLC.
12. The figures of the quarters ended 31 March 2023 / 2022 are the balancing figures between the audited figures in respect of the full financial year and the figures of nine months ended 31 December 2022 / 2021, which were subjected to audit / limited review by the statutory auditors.
13. During the quarter / year ended 31 March 2023 and 31 March 2022, there is no transfer or acquisition of stressed loans (NPA / SMA).
14. During the year ended 31 March 2023, the Bank has not acquired loans not in default.

Details on loans not in default acquired during the year ended 31 March 2022 under the RBI Master Direction on Transfer of Loan Exposure dated 24th September, 2021 are given below:

(₹ in lakhs except number of accounts)

Particulars	Retail Segment	
	Assignment (MSME)**	
Mode of acquisition	Wheels	MSME
Aggregate principal outstanding of loans acquired as at 31 March 2022	7808.59	1466.70
Weighted average residual maturity (Number of months)	44.09	104.47
Weighted average holding period (Number of months)*	12.67	10.26
Retention of beneficial economic interest by the originator	10%	10%
Coverage of tangible security (Weighted average LTV)	Weighted Average LTV 90%	Weighted Average LTV 61%
Rating-wise distribution# of loans acquired by value	NA	NA

* Weighted average holding period is contract origination date to pool cut off date

** As per SFB operational guidelines to meet the requirement of shortfall in meeting the sub-targets

15. Figures of the previous periods / year have been regrouped / reclassified, wherever necessary to conform current period / year classification.



for and on behalf of the Board of Directors of
Utkarsh Small Finance Bank Limited
CIN: U65992UP2016PLC032804


Govind Singh
Director
DIN: 02470880

Place : Mumbai
Date : 28 April 2023