



Utkarsh Small Finance Bank

SE/2022-23/50

February 13, 2023

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street Fort
Mumbai-400001

Dear Sir/Madam,

Sub: Outcome of the meeting of the Board of Directors of Utkarsh Small Finance Bank Limited("Bank")

Ref: Scrip Code: 958095, 958226, 959644

Pursuant to Regulation 51 & 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please be informed that the Board of Directors of the Bank at their meeting held today, inter alia, considered and approved the audited financial results for a quarter and nine months ended December 31, 2022.

The meeting of Board of Directors concluded at 4:10 p.m.

Further the financial results will be displayed on the website of the Bank at www.utkarsh.bank

Kindly take the same on records.

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

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Kirtane & Pandit LLP
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT ON AUDIT OF QUARTER AND NINE MONTHS FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF UTKARSH SMALL FINANCE BANK LIMITED

Opinion

We have audited the Financial Results for the quarter and nine months ended December 31, 2022 ('Financial Results') included in the accompanying 'Statement of Audited Financial Results for quarter and nine months ended December 31, 2022 of **UTKARSH SMALL FINANCE BANK LIMITED** (the 'Bank'), (the 'Statement'), being submitted by the Company 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 nine months ended December 31, 2022:

- 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 Accounting Standard 25 for "Interim Financial Reporting" ("AS 25") ("Accounting Standard"), in so far as it applies 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 quarter and nine months 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 below. 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 nine months ended December 31, 2022, 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 nine months ended December 31, 2022, has been compiled from the related audited Interim financial statements. This responsibility includes the preparation and presentation of the Financial Results for the quarter and nine months ended December 31, 2022 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 nine months ended 31 December 2022

Our objectives are to obtain reasonable assurance about whether the Financial Results for the quarter and nine months ended December 31, 2022, 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 Half yearly Financial Results, including the disclosures, and whether the Half yearly Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Quarter and Nine months Financial Results of the Bank to express an opinion on the Half Yearly Financial Results.



Deloitte Haskins & Sells

Kirtane & Pandit LLP

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 reports 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)

G. K. Subramaniam

Partner

Membership No. 109839

UDIN: 23109839BGXPWH1154

Place: Mumbai

Date: February 13, 2023



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

Sandeep Welling

Partner

Membership No. 044576

UDIN: 23044576BGXPPJ6500

Place: Mumbai

Date: February 13, 2023



Utkarsh Small Finance Bank Limited
Registered office address: Utkarsh Tower, NH-31 (Airport Road), Sehmalpur, Kazi Sarai, Harhua, Varanasi, Uttar Pradesh, PIN -221105
Statement of Audited Financial Results for quarter and nine months ended 31 December 2022

(₹ in lakh)

	For the quarter ended 31 December 2022	For the quarter ended 30 September 2022	For the quarter ended 31 December 2021	For the nine months ended 31 December 2022	For the nine months ended 31 December 2021	For the year ended 31 March 2022
	Audited	Audited (Note 10)	Unaudited	Audited	Unaudited	Audited
1 Interest Earned (a+b+c+d)	64,082.31	60,221.34	44,062.56	181,387.06	131,278.64	184,881.26
(a) Interest/ discount on advances/ bill	58,390.29	55,026.92	38,997.74	165,615.62	115,338.47	164,612.63
(b) Income on investments	3,540.94	3,452.70	3,842.86	10,409.12	12,173.63	15,492.52
(c) Interest on balances with Reserve Bank of India and other interbank	2,150.20	1,740.87	1,220.95	5,359.70	3,763.82	4,772.48
(d) Others	0.88	0.85	1.01	2.62	2.72	3.63
2 Other Income	7,116.87	7,449.36	5,299.63	23,015.93	13,461.16	18,483.34
3 Total Income (1+2)	71,199.18	67,670.70	49,362.19	204,402.99	144,739.80	203,364.60
4 Interest Expended	24,729.75	22,552.07	19,384.65	69,442.83	58,657.78	78,796.25
5 Operating Expenses (i)+(ii)	25,503.49	24,416.83	18,740.15	71,958.84	51,626.38	73,634.46
(i) Employees cost	14,570.82	13,853.40	11,154.19	41,110.67	30,254.60	42,982.55
(ii) Other operating expenses	10,932.67	10,563.43	7,585.96	30,848.17	21,371.78	30,651.91
6 Total Expenditure (4+5) excluding provisions and contingencies	50,233.24	46,968.90	38,124.80	141,401.67	110,284.16	152,430.71
7 Operating Profit before Provisions and Contingencies (3-6)	20,965.94	20,701.80	11,237.39	63,001.32	34,455.64	50,933.89
8 Provisions (other than tax) and Contingencies	8,730.32	8,976.93	13,850.75	26,841.19	32,056.73	42,962.61
9 Exceptional item	-	-	-	-	-	-
10 Profit for the period / year before tax (7-8-9)	12,235.62	11,724.87	(2,613.36)	36,160.13	2,398.91	7,971.28
11 Tax expense	2,885.46	2,953.74	(150.13)	9,089.73	1,095.49	1,825.12
12 Net Profit for the period / year after tax (10-11)	9,350.16	8,771.13	(2,463.23)	27,070.40	1,303.42	6,146.16
13 Paid-up equity share capital (of ₹ 10 each)	89,550.37	89,550.37	89,550.37	89,571.95	89,550.37	89,552.15
14 Reserves excluding Revaluation Reserves						67,677.53
15 Analytical Ratios						
Capital Adequacy Ratio	20.39%	21.22%	25.14%	20.39%	25.14%	21.59%
EPS Basic (₹) (not annualised for quarter / nine months)	1.04	0.98	(0.28)	3.02	0.15	0.70
EPS Diluted (₹) (not annualised for quarter / nine months)	1.04	0.98	(0.28)	3.01	0.15	0.70
NPA Ratios						
Gross NPA	44,848.16	54,384.54	81,800.21	44,848.16	81,800.21	64,815.69
Net NPA	8,742.50	11,856.31	34,308.75	8,742.50	34,308.75	23,579.55
% of Gross NPA	3.58%	4.61%	8.91%	3.58%	8.91%	6.10%
% of Net NPA	0.72%	1.04%	3.94%	0.72%	3.94%	2.31%
Return on Assets (not annualised for quarter / nine months)	0.56%	0.56%	-0.78%	1.71%	0.14%	0.48%
Net Worth*	170,120.40	160,415.79	140,380.90	170,120.40	140,380.90	142,076.05
Total Debt [#] to Total Assets ratio	12.97%	12.88%	16.28%	12.97%	16.28%	17.07%
Debt Equity Ratio	1.26	1.20	1.36	1.26	1.36	1.64

* as per RBI guidelines.

#Debt 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.



- 1 The financial results for nine months ended 31 December 2022 have been reviewed by the Audit Committee at its meeting held on 13 February 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 13 February 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 periods included in the Statement have been audited/reviewed by the predecessor auditor. The reports of the predecessor auditor on these comparative financial information expressed an un-modified opinion/conclusion.
- 2 These financial results of the Bank have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 for "Interim Financial Reporting" ("AS 25"), prescribed under Section 133 of the Companies Act, 2013 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 ("RBI Guidelines") and other accounting principles generally accepted in India.
- 3 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 Bank. 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.
- 4 During the nine months ended 31 December 2022, the Bank has issued 198,025 equity shares under ESOP scheme having face value of ₹10 each at a premium of ₹17.00 for cash aggregating to ₹5,346,675. Accordingly, share capital increased by Rs.19.80 lakhs and share premium increased by Rs. 33.66 lakhs.
- 5 During the quarter and nine months ended 31 December 2022, the Bank has not transferred/acquired any loans under the RBI master direction on transfer of loan exposure dated September 24, 2021.
- 6 The Bank continues to monitor the developments/ ongoing impact resulting from COVID-19 pandemic. As at 31 December 2022, Bank carries additional floating provision of Rs 6,000 Lakhs (Rs 4,000 Lakhs as at 30 September 2022) and additional contingency provision of Rs 6,500 Lakhs (Rs 6,500 Lakhs as at 30 September 2022).
- 7 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 ₹84.59 Lakhs for the quarter ended 31 December 2022 (₹ 700.79 Lakhs for the quarter ended 30 September 2022 and ₹311.94 Lakhs for the year ended 31 March 2022).
- 8 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.
- 9 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 Priority Sector Lending Certificate
- 10 The figures of the quarter ended 30 September 2022 are the balancing figures between the audited figures in respect of half year ended 30 September 2022 and published figures for the quarter ended 30 June 2022, which were subjected to limited review.
- 11 Figures of the previous periods / year have been regrouped / reclassified, wherever necessary to conform current period classification.



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


Govind Singh
Director
DIN: 02470880



Place : Mumbai
Date : 13 February 2023