



**Utkarsh Small Finance Bank**

**Reference No: SE/2021-22/52**

**Date: February 3, 2022**

To,  
**BSE Limited**  
Dept. of Corporate Services  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai 400 001

**Scrip Code: 949694**

**Sub: Intimation of Un-audited Financial Result of the Utkarsh Small Finance Bank Limited ("Bank") for the Quarter and Nine Months ended December 31,2021**

Further to our letter bearing reference no: SE/2021-22/50 dated January 21,2022, we would like to inform you that pursuant to Regulation 52 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 the Board of Directors in its meeting held on Thursday, February 3,2022, have inter alia considered and approved the Unaudited Financial Results for the quarter and nine months ended December 31, 2021.

We hereby enclose Un- audited Financial Result for the quarter and nine months ended December 31, 2021 together with Limited Review Report dated February 3, 2022 thereon from M/s. Haribhakti & Co. LLP, Statutory Auditors of the Bank.

The Board Meeting was concluded at 3.30 p.m.

We request you to take the same on record.

Thanking you,

Yours Faithfully,

**For Utkarsh Small Finance Bank Limited**



**Nutan Anand Rane**  
**Company Secretary & Compliance Officer**

Enclosure : as above

Registered & Corporate Office:

Utkarsh Small Finance Bank Limited, S-24/1-2, First Floor, Mahavir Nagar, Orderly Bazar, Varanasi-221002, Uttar Pradesh  
CIN: U65992UP2016PLC082804 | Tel.: +91-542-2500596 | Website: www.utkarsh.bank

# HARIBHAKTI & CO. LLP

Chartered Accountants

**Independent Auditors' Review Report on Unaudited quarterly and year to date Financial Results of Utkarsh Small Finance Bank Limited pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (as amended)**

**To the Board of Directors  
Utkarsh Small Finance Bank Limited**

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **Utkarsh Small Finance Bank Limited** ("the Bank") for the quarter ended December 31, 2021 and for the period from April 01, 2021 to December 31, 2021 ("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 ("Listing Regulations"), except for the disclosures relating to Pillar 3 disclosure as at December 31, 2021, including leverage ratio, liquidity coverage ratio and net stable funding ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed by us.
2. This Statement, which is the responsibility of the Bank's Management and approved by the Bank's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) in respect of income recognition, asset classification, provisioning and other related matters from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Bank's personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Accounting Standard, RBI Guidelines and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, except

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for the disclosures relating to Pillar 3 disclosure as at December 31, 2021, including leverage ratio, liquidity coverage ratio and net stable funding ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed by us, or that it contains any material misstatement.

5. We draw attention to Note 8 to the Statement which explains that the extent to which COVID-19 pandemic will impact the Bank's operations and results is dependent on future developments, which are highly uncertain.

Our report is not modified in respect of this matter.

### For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

**PURUSHOTTAM**  
**SHIVPRAKASH**  
**NYATI**

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Purushottam Nyati  
Partner  
Membership No. 118970  
UDIN: 22118970AAFOUR1479

Place: Mumbai  
Date: February 03, 2022

**Utkarsh Small Finance Bank Limited**  
Registered office address: S-24/1-3, First Floor, Mahavir Nagar, Orderly Bazar, Varanasi, Uttar Pradesh, India, 221002  
Unaudited Financial Results for the quarter and nine month ended 31 December 2021

(₹ in lakhs)

	For the quarter ended 31 December 2021	For the quarter ended 30 September 2021	For the quarter ended 31 December 2020	Nine months ended 31 December 2021	Nine months ended 31 December 2020	For the year ended 31 March 2021
	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Audited
<b>1 Interest Earned (a+b+c+d)</b>	<b>44,062.56</b>	<b>42,754.75</b>	<b>37,882.52</b>	<b>131,278.64</b>	<b>116,555.21</b>	<b>158,098.73</b>
(a) Interest/ discount on advances/ bill	38,997.74	37,320.41	32,469.67	115,338.47	101,910.70	138,574.37
(b) Income on investments	3,842.86	4,294.27	4,214.81	12,173.63	10,794.33	14,869.18
(c) Interest on balances with Reserve Bank of India and other interbank	1,220.95	1,139.23	1,197.09	3,765.82	3,447.37	4,651.84
(d) Others	1.01	0.84	0.95	2.72	2.81	3.34
<b>2 Other Income</b>	<b>5,299.83</b>	<b>5,700.01</b>	<b>5,335.44</b>	<b>13,461.16</b>	<b>9,422.93</b>	<b>12,484.90</b>
<b>3 Total Income (1+2)</b>	<b>49,362.19</b>	<b>48,454.76</b>	<b>43,217.96</b>	<b>144,739.80</b>	<b>125,978.14</b>	<b>170,583.63</b>
<b>4 Interest Expended</b>	<b>19,584.65</b>	<b>19,346.74</b>	<b>19,227.51</b>	<b>58,657.78</b>	<b>55,959.69</b>	<b>74,174.07</b>
<b>5 Operating Expenses (i)+(ii)</b>	<b>18,740.15</b>	<b>17,050.80</b>	<b>13,340.00</b>	<b>51,626.38</b>	<b>38,060.47</b>	<b>54,505.72</b>
(i) Employees cost	11,154.39	9,861.74	8,105.11	30,254.60	22,685.92	32,620.41
(ii) Other operating expenses	7,585.96	7,189.06	5,234.89	21,371.78	15,374.55	21,885.31
<b>6 Total Expenditure (4+5) excluding provisions and contingencies</b>	<b>38,124.80</b>	<b>36,437.54</b>	<b>32,767.51</b>	<b>110,284.16</b>	<b>94,020.16</b>	<b>128,679.79</b>
<b>7 Operating Profit before Provisions and Contingencies (3-6)</b>	<b>11,237.39</b>	<b>12,017.22</b>	<b>10,450.45</b>	<b>34,455.64</b>	<b>31,957.98</b>	<b>41,903.84</b>
<b>8 Provisions (other than tax) and Contingencies</b>	<b>13,850.75</b>	<b>9,278.92</b>	<b>7,563.51</b>	<b>32,056.73</b>	<b>18,637.84</b>	<b>26,760.18</b>
<b>9 Exceptional item</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10 Profit/ (Loss) before Tax (7-8-9)</b>	<b>(2,613.36)</b>	<b>2,738.30</b>	<b>2,886.94</b>	<b>2,398.91</b>	<b>13,320.14</b>	<b>15,143.66</b>
<b>11 Tax expense</b>	<b>(150.13)</b>	<b>618.54</b>	<b>859.98</b>	<b>1,095.49</b>	<b>3,506.23</b>	<b>3,962.15</b>
<b>12 Net Profit/ (Loss) after Tax (10-11)</b>	<b>(2,463.23)</b>	<b>2,119.76</b>	<b>2,026.96</b>	<b>1,303.42</b>	<b>9,813.91</b>	<b>11,181.51</b>
<b>13 Paid-up equity share capital (of ₹ 10 each)</b>	<b>89,550.37</b>	<b>89,550.37</b>	<b>75,927.22</b>	<b>89,550.37</b>	<b>75,927.22</b>	<b>84,833.29</b>
<b>14 Reserves excluding Revaluation Reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,001.87</b>
<b>15 Analytical Ratios</b>						
Capital Adequacy Ratio	25.14%	28.06%	24.35%	25.14%	24.35%	21.88%
Basic EPS (not annualized for the quarter and nine month)	(0.28)	0.25	0.27	0.15	1.29	1.46
Diluted EPS (not annualized for the quarter and nine month)	(0.28)	0.25	0.27	0.15	1.29	1.46
Face Value of shares (₹)	10	10	10	10	10	10
<b>16 NPA Ratios</b>						
(a) Gross NPA	81,800.21	70,079.14	4,279.29	81,800.21	4,279.29	31,528.87
(b) Net NPA	34,308.75	28,610.27	(435.35)	34,308.75	(435.35)	10,881.75
(c) % of Gross NPA	8.91%	8.27%	0.61%	8.91%	0.61%	3.75%
(d) % of Net NPA	3.94%	3.55%	-0.06%	3.94%	-0.06%	1.33%
<b>17 Return on Assets (annualized)</b>	<b>-0.78%</b>	<b>0.68%</b>	<b>0.72%</b>	<b>0.14%</b>	<b>1.23%</b>	<b>1.04%</b>
<b>18 Net Worth*</b>	<b>140,380.90</b>	<b>142,570.91</b>	<b>101,877.39</b>	<b>140,380.90</b>	<b>101,877.39</b>	<b>125,651.51</b>
<b>19 Total Debt to Total Assets ratio</b>	<b>16.28%</b>	<b>16.10%</b>	<b>25.94%</b>	<b>16.28%</b>	<b>25.94%</b>	<b>21.48%</b>
<b>20 Debt Equity Ratio</b>	<b>1.36</b>	<b>1.27</b>	<b>2.56</b>	<b>1.36</b>	<b>2.56</b>	<b>1.91</b>

\* as per RBI guidelines.

Debt represents total borrowings of the Bank & Equity consists of Share Capital plus Reserves & Surplus.

As per regulation 52(4) of SEBI (Listing Obligations & Disclosure Requirements) regulations 2015, the debt listed entities are required to disclose certain ratios. However the ratios which are not relevant to Banking sector are not disclosed above.

**Utkarsh Small Finance Bank Limited**  
Registered office address: S-24/1-2, First Floor, Mahavir Nagar, Orderly Bazar, Varanasi, Uttar Pradesh, India, 221002

- The financial results for the quarter and nine months ended 31 December 2021 have been reviewed by the Audit Committee at its meeting held on 02 February 2022 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 03 February 2022.
- The Statutory Auditors have reviewed the interim financial results as required under Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and have issued an unmodified review report.
- These financial results of the Bank have been prepared in accordance with the Banking Regulation Act, 1949, generally accepted accounting principles in India, including Accounting Standards as prescribed under Section 133 of the Companies Act, 2013, Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and the guidelines issued by the Reserve Bank of India (RBI). The Bank has followed its significant accounting policies in the preparation of financial results consistent with those followed in the year ended 31 March 2021.
- During the nine month ended 31 December 2021, the Bank has issued 47,169,809 equity shares having face value of ₹10 each at a premium of ₹21.80 each for cash aggregating to ₹14,999.99 lakh.
- 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.
- RBI circular DBR.No.BP.BC.U21.06.20 1/20 15-16 dated 1 July, 2015 on 'Basel III Capital Regulations' read together with the RBI circular DBR.No.BP.BC.80121 06 20 112014-15 dated 31 March, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards- Amendments' requires banks to make applicable Pillar 3 disclosures including leverage ratio, liquidity coverage ratio and net stable funding ratio under the Basel III Framework. These disclosures are available on the Bank's website at the following link: <https://www.utkarsh.bank/basel-disclosures>. The disclosures have not been subjected to audit or review by the statutory auditors.
- During the period the Bank has granted 15,611,500 options on 01 August 2021, 15,000 options on 01 October 2021, 20,000 options on 18 October 2021 and 20,000 options on 08 November 2021 to the Bank's employees under USFBL Employee Stock Option Plan 2020 (ESOP 2020). Out of the options granted on 01 August 2021 1,423,000 options have been cancelled. Further, post RBI approval on 31 August 2021 the Bank has granted 71,377 options as part of variable pay to MD & CEO for FY 19 – 20, options were granted with effect from 06 November 2020 under the said ESOP plan.
- The world is impacted by the new variant of COVID-19 virus globally, through various variants. The same wreaked havoc globally in terms of number of infections but mortality rate was far less in comparison to Covid Wave 2. Though the picture is still unfolding but in 3rd wave it looks like that India has come out of the same unscathed, due to high vaccination rate and low infection levels in comparison to some of the worst affected countries. Though we are still towards the lag end of the 3rd wave, effects of the same, if any on the economy would crystallise at a later stage only.

Estimates and associated assumptions applied in preparing these financial results, especially for determining the overall provisions for the Advances, are based on historical experience and other emerging factors on account of the pandemic. The Bank believes that the factors considered are reasonable under the current circumstances. Given the dynamic nature of the pandemic situation, these estimates are subject to change and may be affected by severity and duration of the pandemic. In the event impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of advances, the financial position and performance of the Bank. The Bank holds adequate provisions towards Non-performing and restructuring assets as at 31 December 2021. The stress test was undertaken by the Bank from time to time and complying with regulatory requirements under IRAC & provisioning norms prescribed. The Bank is well capitalised to be able to face any further upheavals, which the Bank may face in times to come due to the various socio-economic conditions.

- Details of resolution plan implemented under the Resolution Framework - 2.0 for COVID-19-related Stress of Individuals and Small Businesses as per RBI circular dated 5 May 2021 are given below.

Sl No	Description	Individual Borrowers		Small businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process	6924	72224	87114
(B)	Number of accounts where resolution plan has been implemented under this window	6590	68312	82259
(C)	Exposure to accounts mentioned at (B) before implementation of the plan	1,642.19	19,393.11	20,214.20
(D)	Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
(F)	Increase in provisions on account of the implementation of the resolution plan*	115.07	1,542.69	1,420.71

\* Excluding provision of restructured borrowers that have slipped to NPA classification

Restructure portfolio as of 31 December 2021 ₹ 17,820.82 lakh

There were 24,775 borrowers with exposure of ₹ 4,625.45 lakh, where resolution plan was earlier implemented under RBI resolution framework 1.0 and now modified under RBI resolution framework 2.0

10. Details on loans not in default acquired during the quarter ended 31 December 2021 under the RBI Master Direction on Transfer of Loan Exposure dated 24 September 2021 are given below:

(₹ in lakhs except number of accounts)

Particulars	Retail segment	
	Direct Assignment (MSME-MICRO)**	
	Wheels	MSME
Aggregate principal outstanding of loans acquired	8340.18	1550.93
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

\*\* Portfolio acquired to meet the PSL sub targets within 40% PSL target as per operating guidelines for small finance bank dated 06 October 2016 [clause 1.9(ii)]

11. The Bank had accelerated the provisioning matrix by 15% for all sub-standard advances in March 2021 quarter, which was continued till June 2021 quarter. During the nine month ended 31 December 2021, considering the analysis of portfolio and collection, bank had reverted to original Sub-standard provisioning matrix which has higher than prescribed by RBI for the portfolio classified as NPA from July 2021 onwards. The Impact of such change in provisioning is ₹11,957.11 lakh.
12. 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.
13. As per the Master Direction on Financial Statements - Presentation and Disclosures issued by the RBI dated August 30, 2021, provision / (write-back) of mark-to-market depreciation on investments in AFS and HFT categories (net) has been classified under Other Income. Hitherto, the Bank was classifying such Provisions / (write-back) under Provisions and Contingencies.
14. Figures of the previous periods / years have been regrouped / reclassified, wherever necessary to conform current period classification.

Place : Mumbai  
Date : 03 February 2022

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

GOVIND SINGH  
Managing Director & CEO  
DIN : 02470880