

# 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 details in relation to the change in the registered office address of our Bank, see "History and Certain Corporate Matters" beginning on page 205 of the Prospectus dated July 17, 2023 ("Prospectus").

Registered and Corporate Office: Utkarsh Tower, NH - 31 (Airport Road), Sehmulpur, Kazi Sarai, Harhua, Varanasi 221 105, Uttar Pradesh, India. Tel: +91 542 660 5555; Contact Person: Muthiah Ganapathy, Company Secretary and Compliance Officer; Tel: +91 22 6872 9552  
E-mail: shareholders@utkarsh.bank; Website: www.utkarsh.bank; Corporate Identity Number: U65992UP2016PLC082804



(Please scan the QR to view the Prospectus and the Abridged Prospectus)

## OUR PROMOTER: UTKARSH COREINVEST LIMITED

Our Bank has filed the Prospectus dated July 17, 2023 with the RoC, and the Equity Shares are proposed to be listed on the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") and trading is expected to commence on July 21, 2023.

## BASIS OF ALLOTMENT

INITIAL PUBLIC OFFER OF 200,000,000 EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF UTKARSH SMALL FINANCE BANK LIMITED (OUR "BANK") FOR CASH AT A PRICE OF ₹25 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹15 PER EQUITY SHARE) (THE "ISSUE PRICE") AGGREGATING TO ₹5,000 MILLION (THE "ISSUE"). THE ISSUE INCLUDES A RESERVATION OF 2,000,000 EQUITY SHARES, AGGREGATING TO ₹50 MILLION (CONSTITUTING 1% OF THE SIZE OF THE ISSUE), FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"), THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS HERINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE SHALL CONSTITUTE 18.25% AND 18.07%, RESPECTIVELY, OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR BANK.

ANCHOR INVESTOR ISSUE PRICE: ₹ 25 PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH  
ISSUE PRICE: ₹ 25 PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH  
THE ISSUE PRICE IS 2.50 TIMES OF THE FACE VALUE

### Risks to Investors:

- Regulatory Risk**
- We are subject to inspections by regulatory authorities, including by the RBI. Non-compliance with RBI inspection/ observations or other regulatory requirements or any adverse observations from such regulators may have a material adverse effect on our business, financial condition, results of operation or cash flows.
  - Our Previous Statutory Auditors have been debarred by the Reserve Bank of India from undertaking audit assignments for entities regulated by RBI for a period of two years with effect from April 1, 2022.
  - Our non-convertible debentures are listed on BSE and in the past, there were certain inadvertent delays by us in making certain disclosures and regulatory filings to BSE under the Listing Regulations. We have filed settlement applications before SEBI under show cause notice issued by SEBI on account of such inadvertent delays.
  - We have received a show cause notice from SEBI regarding alleged non-compliance of provisions of Companies Act 2013 and erstwhile SEBI (Issue and Listing of Debt Securities) Regulations, 2008 relating to public offering of securities which may result in penal actions.
- Concentration Risk:**
- A significant portion of our advances in the microbanking segment are towards customers located in the states of Bihar and Uttar Pradesh. Further, a significant portion of our deposits from such customers are from the states and union territory of Maharashtra, NCT of Delhi, Uttar Pradesh and Haryana. We are currently significantly dependent on our microbanking segment, particularly joint liability group ("JLG") loans.

Particulars	As of March 31,					
	2021		2022		2023	
	Amount (₹ million)	Percentage of Total Term Deposits (%)	Amount (₹ million)	Percentage of Total Term Deposits (%)	Amount (₹ million)	Percentage of Total Term Deposits (%)
Bulk deposits	31,900.58	51.61%	40,655.42	51.98%	52,712.72	48.60%

- If we are unable to control the level of NPAs in our portfolio, our business, financial conditions, results of operations and cash flows could be adversely affected
- Our profit after tax declined from ₹ 1,118.15 million in Fiscal 2021 to ₹ 614.62 million in Fiscal 2022. While our profit after tax was ₹ 4,045.02 million in Fiscal 2023, there can be no assurance that we will be able to recover our unsecured advances, lower our NPAs or maintain profitability in the future.

Particulars	As of/ For the year ended March 31,		
	2021	2022	2023
Total income (₹ million)	17,058.36	20,336.46	28,042.86
Profit after tax (₹ million)	1,118.15	614.62	4,045.02
Unsecured loans (₹ million)	70,811.13	79,789.88	87,459.11
Unsecured loans as a percentage of total advances (%)	86.18%	78.01%	66.92%
Gross NPA as a percentage of Gross Advances (%)	3.75%	6.10%	3.23%
Net NPA as a percentage of Net Advances (%)	1.33%	2.31%	0.39%
Net Interest Income (₹ million)	8,392.46	10,608.51	15,290.31
Net Interest Margin (%)	8.20%	8.75%	9.57%

Period	Weighted Average Cost of Acquisition (in ₹)	Cap Price is 'X' times the Weighted Average Cost of Acquisition*	Range of Acquisition: Lowest Price - Highest Price (in ₹)	
			2021	2022
Last 1 year	21.23	1.18	14.01 - 27.00	
Last 18 Months	20.91	1.20	14.01 - 27.00	
Last 3 years	28.64	0.87	14.01 - 31.80	

\*As certified by JHS & Associates LLP, Chartered Accountants, vide their certificate dated July 17, 2023.

Past Transactions	Weighted Average Cost of Acquisition (in ₹)**	Floor Price i.e. ₹ 23**	Cap Price i.e. ₹ 25**
WACA* of primary issuance	31.80	0.72 times	0.79 times
WACA* of secondary transactions	27.00	0.85 times	0.93 times

Above weighted average cost of acquisition based on past five primary issuances/ secondary transactions.  
\*WACA- Weighted average cost of acquisition.  
\*\* As certified by JHS & Associates LLP, Chartered Accountants, vide their certificate dated July 17, 2023.

- Average cost of acquisition of Equity Shares for the Promoter is ₹ 10.50 per Equity Share and Issue Price at upper end of the Price Band is ₹ 25 per Equity Share.
- Weighted Average Return on Net Worth for fiscals 2023, 2022 and 2021 is 12.78%.
- The two BRLMs associated with the Issue have handled 68 public issues in the past three Fiscal Years, out of which 24 issue closed below the IPO price on the listing date.

Name of the BRLM	Total Issues	Issues closed below IPO price on listing date
ICICI Securities Limited*	32	14
Kotak Mahindra Capital Company Limited*	19	4
Common Issues of above BRLMs	17	6
Total	68	24

\*Issues handled where there were no common BRLMs

## BID/ISSUE PERIOD

ANCHOR INVESTOR BIDDING DATE OPENED AND CLOSED ON TUESDAY, JULY 11, 2023  
BID / ISSUE OPENED ON WEDNESDAY, JULY 12, 2023  
BID / ISSUE CLOSED ON FRIDAY, JULY 14, 2023

The Issue was made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended, (the "SCRR") read with Regulation 31 of the SEBI ICDR Regulations. The Issue was made through the Book Building Process, in compliance with Regulation 6(2) of the SEBI ICDR Regulations, where not less than 75% of the Net Issue will be Allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"), provided that our Bank, in consultation with the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors, on a discretionary basis (the "Anchor Investor Portion"), of which one-third was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the price at which Equity Shares are allocated to Anchor Investors. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) ("Net QIB Portion") was made available for allocation on a proportionate basis to Mutual Funds only and the remainder of the Net QIB Portion was made available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Issue Price. The aggregate demand from Mutual Funds was not less than 5% of the Net QIB Portion. If at least 75% of the Net Issue cannot be Allotted to QIBs, then the entire application money will be refunded forthwith. Further, not more than 15% of the Net Issue was made available for allocation to Non-Institutional Bidders of which one-third of the Non-Institutional Portion was made available for allocation to Bidders with an application size of more than ₹ 200,000 and up to ₹ 1,000,000 and two-thirds of the Non-Institutional Portion was made available for allocation to Bidders with an application size of more than ₹ 1,000,000 provided that under-subscription in either of these two sub-categories of Non-Institutional Portion may have been allocated to Bidders in the other sub-category of Non-Institutional Portion in accordance with the SEBI ICDR Regulations, subject to valid Bids received at or above the Issue Price. Further, not more than 10% of the Net Issue was made available for allocation to Retail Individual Bidders, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids received from them at or above the Issue Price. All Bidders (other than Anchor Investors) mandatorily participated in this Issue through the Application Supported by Block Amount ("ASBA") process and provided details of their respective bank account (including UPI ID for UPI Bidders) in which the Bid Amount was blocked by the Self-Certified Syndicate Banks ("SCSBs") or under the UPI Mechanism, as applicable. Anchor Investors were not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, see "Issue Procedure" beginning on page 417 of the Prospectus.

The bidding for Anchor Investor opened and closed on July 11, 2023. The Bank received 20 applications from 14 Anchor Investors for 93,100,800 Equity Shares. The Anchor Investor Issue Price was finalized at ₹ 25 per Equity Share. A total of 89,100,000 Equity Shares were allocated under the Anchor Investor Portion aggregating to 2,227,500,000. The Issue received 2,046,974 applications for 12,396,002,400 Equity Shares (prior to technical rejections) resulting in 61,980 times subscription as disclosed in the Prospectus. The details of the applications received in the Issue from Retail Individual Bidders, Non-Institutional Bidders, QIBs, Eligible Employee Bidders and Anchor Investors are as under (before technical rejections):

Sl. No.	CATEGORY	NO. OF APPLICATIONS RECEIVED	NO. OF EQUITY SHARES APPLIED	NO. OF EQUITY SHARES RESERVED AS PER PROSPECTUS	NO. OF TIMES SUBSCRIBED	AMOUNT (₹)
A	Qualified Institutional Bidders (excluding Anchor Investors)	171	8,061,438,600	59,400,000	135,7145	201,535,965,000
B	Non-Institutional Bidders -More than 2 Lakhs Upto 10 Lakhs	91,808	834,022,200	9,900,000	84,2447	20,844,441,000
C	Non-Institutional Bidders -Above 10 Lakhs	38,339	1,807,238,400	19,800,000	91,2747	45,179,670,600
D	Retail Individual Bidders	1,907,376	1,587,352,200	19,800,000	80,1693	39,671,398,800
E	Eligible Employees	9,260	12,850,200	2,000,000	6,4251	320,361,600
F	Anchor Investors	20	93,100,800	89,100,000	1,0449	2,327,520,000
	<b>Total</b>	<b>2,046,974</b>	<b>12,396,002,400</b>	<b>200,000,000</b>	<b>61,9800</b>	<b>309,879,357,000</b>

### Final Demand

A summary of the final demand as per BSE and NSE as on the Bid/Issue Closing Date at different Bid prices is as under:

Sr. No	Bid Price (₹)	No. of Equity Shares	% to Total	Cumulative Total	Cumulative % of Total
1	23	1,46,54,400	0.11	1,46,54,400	0.11
2	24	1,09,94,400	0.09	2,56,48,800	0.20
3	25	11,18,22,69,000	87.12	11,20,79,17,800	87.32
	CUT OFF	1,62,68,25,600	12.68	12,83,47,43,400	100.00
	<b>TOTAL</b>	<b>12,83,47,43,400</b>	<b>100.00</b>		

The Basis of Allotment was finalized in consultation with the Designated Stock Exchange, being NSE on Tuesday, July 18, 2023.

### A. Allotment to Retail Individual Bidders (After Technical Rejections) (Including ASBA Applications)

The Basis of Allotment to the Retail Individual Bidders, who have bid at Cut-Off Price or at the Issue Price of ₹25 per Equity, was finalized in consultation with NSE. This category has been subscribed to the extent of 76,139,675 times. The total number of Equity Shares Allotted in Retail Individual Bidders category is 19,800,000 Equity Shares to 33,000 successful applicants. The category-wise details of the Basis of Allotment are as under:

Category	No. of Applications Received	% of Total	Total No. of Equity Shares applied	% to Total	No. of Equity Shares Allotted per Bidder	Ratio	Total No. of Equity Shares allotted
600	1,600,607	88.43	960,364,200	63.70	600	33 : 1810	17,509,200
1200	101,054	5.58	121,264,800	8.04	600	13 : 713	1,105,200
1800	32,402	1.79	58,323,600	3.87	600	13 : 713	354,600
2400	16,131	0.89	38,714,400	2.57	600	13 : 713	176,400
3000	12,604	0.70	37,812,000	2.51	600	13 : 713	138,000
3600	7,933	0.44	28,558,800	1.89	600	13 : 713	87,000
4200	5,366	0.30	22,537,200	1.49	600	13 : 713	58,800
4800	2,589	0.14	12,427,200	0.82	600	13 : 713	28,200
5400	1,479	0.08	7,986,600	0.53	600	13 : 713	16,200
6000	6,059	0.33	36,354,000	2.41	600	13 : 713	66,000
6600	969	0.05	6,395,400	0.42	600	18 : 969	10,800
7200	1,896	0.10	13,651,200	0.91	600	13 : 713	21,000
7800	20,920	1.16	163,176,000	10.82	600	13 : 713	228,600
<b>TOTAL</b>	<b>1,810,009</b>	<b>100.00</b>	<b>1,507,565,400</b>	<b>100.00</b>			<b>19,800,000</b>

### B. Allotment to Non-Institutional Bidders (more than ₹ 2 lakhs and upto ₹ 10 lakhs) (After Technical Rejections) (Including ASBA Applications)

The Basis of Allotment to the Non-Institutional Bidders (more than ₹ 2 lakhs and upto ₹ 10 lakhs), who have bid at the Issue Price of ₹ 25 per Equity Share or above, was finalized in consultation with NSE. This category has been subscribed to the extent of 81,788,224. The total number of Equity Shares allotted in this category is 9,900,000 Equity Shares to 1,178 successful applicants. The category-wise details of the Basis of Allotment are as under:

Category	No. of Applications Received	% of Total	Total No. of Equity Shares applied	% to Total	No. of Equity Shares Allotted per Bidder	Ratio	Total No. of Equity Shares allotted
8,400	81,489	91.41	684,507,600	84.54	8,400	3 : 227	9,046,800
9,000	2,340	2.62	21,060,000	2.60	8,400	31 : 2,340	260,400
9,600	431	0.48	4,137,600	0.51	8,400	6 : 431	50,400
10,200	360	0.40	3,672,000	0.45	8,400	1 : 72	42,000
10,800	137	0.15	1,479,600	0.18	8,400	2 : 137	16,800
11,400	82	0.09	934,800	0.12	8,400	1 : 82	8,400
12,000	743	0.83	8,916,000	1.10	8,400	10 : 743	84,000
12,600	117	0.13	1,474,200	0.18	8,400	2 : 117	16,800
13,200	56	0.06	739,200	0.09	8,400	1 : 56	8,400
13,800	57	0.06	786,600	0.10	8,400	1 : 57	8,400
14,400	60	0.07	864,000	0.11	8,400	1 : 60	8,400
15,000	137	0.15	2,055,000	0.25	8,400	2 : 137	16,800

Category	No. of Applications Received	% of Total	Total No. of Equity Shares applied	% to Total	No. of Equity Shares Allotted per Bidder	Ratio	Total No. of Equity Shares allotted
15,600	120	0.13	1,872,000	0.23	8,400	1 : 60	16,800
16,200	150	0.17	2,430,000	0.30	8,400	1 : 75	16,800
16,800	186	0.21	3,124,800	0.39	8,400	1 : 62	25,200
17,400	34	0.04	591,600	0.07	8,400	1 : 34	8,400
18,000	300	0.34	5,400,000	0.67	8,400	1 : 75	33,600
18,600	27	0.03	502,200	0.06	8,400	0 : 27	0
19,200	60	0.07	1,152,000	0.14	8,400	1 : 60	8,400
19,800	635	0.71	12,573,000	1.55	8,400	9 : 635	75,600
20,400	146	0.16	2,978,400	0.37	8,400	1 : 73	16,800
21,000	100	0.11	2,100,000	0.26	8,400	1 : 100	8,400
21,600	22	0.02	475,200	0.06	8,400	0 : 22	0
22,200	20	0.02	444,000	0.05	8,400	0 : 20	0
22,800	14	0.02	319,200	0.04	8,400	0 : 14	0
23,400	11	0.01	257,400	0.03	8,400	0 : 11	0
24,000	160	0.18	3,840,000	0.47	8,400	1 : 80	16,800
24,600	17	0.02	418,200	0.05	8,400	0 : 17	0
25,200	52	0.06	1,310,400	0.16	8,400	1 : 52	8,400
25,800	13	0.01	335,400	0.04	8,400	0 : 13	0
26,400	8	0.01	211,200	0.03	8,400	0 : 8	0
27,000	34	0.04	918,000	0.11	8,400	1 : 34	8,400
27,600	21	0.02	579,600	0.07	8,400	0 : 21	0
28,200	21	0.02	592,200	0.07	8,400	0 : 21	0
28,800	12	0.01	345,600	0.04	8,400	0 : 12	0
29,400	6	0.01	176,400	0.02	8,400	0 : 6	0
30,000	101	0.11	3,030,000	0.37	8,400	1 : 101	8,400
30,600	13	0.01	397,800	0.05	8,400	0 : 13	0
31,200	7	0.01	218,4				