



Utkarsh Small Finance Bank

Date: May 22, 2020

TO,
BSE LIMITED,
PHIROZE JEEJEEBHOY TOWERS,
DALAL STREET,
MUMBAI - 400001 (MH)

Scrip Code: 949694
ISIN: INE735W01017

Dear Sir/ Madam,

Subject: Financial Results for the Half Year and Financial Year ending March 31, 2020

In compliance with Regulation 52 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), we are enclosing herewith the following for the half year and financial year ending March 31, 2020:

- Audited standalone financial results;
- Auditor's reports; and
- Declaration on Auditor's Report with unmodified opinion pursuant to the Regulation 52(3) of Listing Regulations read with SEBI circular no. CIR/CFD/CMD/56/2016 dated May 27, 2016.

The above financial results have been reviewed by the Audit Committee in its meeting held on Tuesday, May 19, 2020 and based on its recommendation, approved by the Board of Directors at its meeting held on Friday, May 22, 2020 and meeting is still in progress.

Kindly take the same on record.

Thanking you,
Sincerely yours,

For Utkarsh Small Finance Bank Limited

Nutan Anand Rane
(Company Secretary)

Registered & Corporate Office:

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



Utkarsh Small Finance Bank

Date: May 22, 2020

**TO,
BSE LIMITED,
PHIROZE JEEJEEBHOY TOWERS,
DALAL STREET,
MUMBAI – 400001 (MH)**

**Scrip Code: 949694
ISIN: INE735W01017**

Dear Sir/ Madam,

Subject: Declaration on Auditor's Report with unmodified opinion pursuant to the Regulation 52(3) of Listing Regulations read with SEBI circular no. CIR/CFD/CMD/56/2016 dated May 27, 2016

In terms of SEBI Circular CIR/CFD/CMD/56/2016 dated May 27, 2016, we hereby declare and confirm that the Statutory Auditors of the Company, M/s. Haribhakti & Co.LLP, Chartered Accountants, have issued an audit report with unmodified opinion on audited Financial results of Utkarsh Small Finance Bank Limited for the six months / year ended March 31, 2020.

Kindly take the above information on record.

Thanking you,

Yours faithfully,

For Utkarsh Small Finance Bank Limited


**Govind Singh
(Managing Director & CEO)**

Registered & Corporate Office:

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Utkarsh Small Finance Bank Limited

Report on the Audit of the Financial Results

Opinion

We have audited the accompanying annual financial results of Utkarsh Small Finance Bank Limited ("the Bank") for the year ended March 31, 2020 ("the Statement"), attached herewith, being submitted by the Bank pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Statement:

(i) is presented in accordance with the requirements of Regulation 52 of the Listing Regulations in this regard; and

(ii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards, 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, of net profit and other financial information of the Bank for the year ended March 31, 2020.

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 ("Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financials Results 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the Statement, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note No. 10 to the Statement which explains that the extent to which COVID-19 pandemic will impact the Bank's operations and financial results is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Board of Directors' Responsibility for the Financial Results

This Statement has been compiled from the annual financial statements. The Bank's Board of Directors are responsible for the preparation and presentation of this Statement that gives a true and fair view of the net profit and other financial information of the Bank in accordance with recognition and measurement principles laid down in the Accounting Standards prescribed under Section 133 of the Act read with



HARIBHAKTI & CO. LLP

Chartered Accountants

relevant rules issued thereunder, the relevant provisions of the Banking Regulation Act, 1949, the RBI Guidelines and other accounting principles generally accepted in India and in compliance with Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 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 Statement that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Statement, 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 Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement 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 Statement.

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

- Identify and assess the risks of material misstatement of the Statement, 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- 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 Bank's ability 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.



HARIBHAKTI & CO. LLP

Chartered Accountants

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

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 audit of financial results for the year ended March 31, 2019, was carried out and reported by another firm of Chartered Accountants, vide their unmodified audit report dated May 25, 2019, whose report has been furnished to us by the management and which has been relied upon by us for the purpose of our audit of the Statement.

Our opinion is not modified in respect of this matter.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048



Prashottam Nyati

Partner

Membership No.: 118970

UDIN: 20118970AAAACG9650

Place: Mumbai

Date: May 22, 2020

Utkarsh Small Finance Bank Limited
Registered office address: S-24/1-2, First Floor, Mahavir Nagar, Orderly Bazar, Varanasi, Uttar Pradesh, India, 221002
Statement of Audited Financial Results for the year ended 31 March 2020
Balance Sheet as at 31 March 2020

(₹ in lakhs)

	As at 31 March 2020 Audited	As at 31 March 2019 Audited
CAPITAL and LIABILITIES		
Capital	75,927.22	73,705.00
Reserves and Surplus	26,022.69	3,570.63
Deposits	523,521.25	379,138.67
Borrowings	267,503.68	142,976.73
Other Liabilities and Provisions	47,456.77	24,493.46
	940,431.61	623,884.49
ASSETS		
Cash and balances with Reserve Bank of India	19,165.81	15,757.34
Balances with banks and money at call and short notice	142,239.45	35,905.87
Investments	119,238.82	86,220.71
Advances	628,159.60	466,816.52
Fixed Assets	10,979.77	8,988.15
Other Assets	20,648.16	10,195.90
	940,431.61	623,884.49
Contingent Liabilities	1,994.45	1,786.89
Bills for Collection	-	-

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



Place : Varanasi
Date : 22 May 2020


Govind Singh
Managing Director & CEO
DIN : 02470880



Utkarsh Small Finance Bank Limited
Registered office address: S-24/1-2, First Floor, Mahavir Nagar, Orderly Bazar, Varanasi, Uttar Pradesh, India, 221002
Statement of Audited Financial Results for the year ended 31 March 2020

(₹ in lakhs)

	For the half year ended 31 March 2020	For the half year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019
	Audited	Unaudited	Audited	Audited
1 Interest Earned (a+b+c+d)	69,811.19	47,138.41	130,768.67	88,104.45
(a) Interest/ discount on advances/ bill	64,221.45	43,366.79	119,227.24	80,635.54
(b) Income on investments	4,508.76	3,089.17	9,475.80	6,146.05
(c) Interest on balances with Reserve Bank of India and other interbank funds	1,074.92	679.22	2,055.50	1,307.71
(d) Others	4.06	3.23	10.13	15.15
2 Other Income	4,742.28	2,075.97	9,855.53	5,804.63
3 Total Income (1+2)	74,553.47	49,214.38	140,624.20	93,909.08
4 Interest Expended	30,437.82	20,247.36	57,946.26	38,229.38
5 Operating Expenses (i)+(ii)	27,046.06	17,745.47	47,648.41	32,626.99
(i) Employees cost	14,074.61	9,811.80	26,216.09	18,657.25
(ii) Other operating expenses	12,971.45	7,933.67	21,432.32	13,969.74
6 Total Expenditure (4+5) excluding provisions and contingencies	57,483.88	37,992.83	105,594.67	70,856.37
7 Operating Profit before Provisions and Contingencies (3-6)	17,069.59	11,221.55	35,029.53	23,052.71
8 Provisions (other than tax) and Contingencies	8,125.16	4,586.89	9,988.03	8,171.90
9 Exceptional item	-	-	-	-
10 Profit (+)/ Loss (-) from Ordinary Activities before tax (7-8-9)	8,944.43	6,634.66	25,041.50	14,880.81
11 Tax expense	1,810.06	3,198.80	6,367.23	5,492.00
12 Net Profit (+)/ Loss (-) from Ordinary Activities after tax (10-11)	7,134.37	3,435.86	18,674.27	9,388.81
13 Extraordinary items (net of tax expense)	-	-	-	-
14 Net Profit (+)/ Loss (-) for the period (12-13)	7,134.37	3,435.86	18,674.27	9,388.81
15 Paid-up equity share capital (of ₹ 10 each)	75,927.22	73,705.00	75,927.22	73,705.00
16 Reserves excluding Revaluation Reserves	26,022.69	3,570.63	26,022.69	3,570.63
17 Analytical Ratios				
Capital Adequacy Ratio	22.19%	24.14%	22.19%	24.14%
EPS Basic (₹) (not annualised for six months)	0.94	0.50	2.49	1.37
EPS Diluted (₹) (not annualised for six months)	0.94	0.50	2.49	1.37
Face Value of shares (₹)	10	10	10	10
18 NPA Ratios				
(a) Gross NPA	4,465.53	6,557.25	4,465.53	6,557.25
(b) Net NPA	1,109.28	569.07	1,109.28	569.07
(c) % of Gross NPA	0.71%	1.39%	0.71%	1.39%
(d) % of Net NPA	0.18%	0.12%	0.18%	0.12%
19 Return on assets (not annualised for six months)	0.88%	0.64%	2.47%	1.86%
20 Net worth*	95,455.19	74,267.59	95,455.19	74,267.59
21 Debt Equity Ratio**	2.62	1.85	2.62	1.85

* as per RBI guidelines

** Debt (excluding deposits) / Share Capital plus Reserves

Notes

- The financial results for the year ended 31 March 2020 have been reviewed by the Audit Committee at its meeting held on 19 May 2020 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 22 May 2020.
- The Statutory Auditors have carried out audit of the annual 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.
- 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).
- 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 ₹599,999,994 on 18 September 2019.
- 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 1 July 2015 for the purpose of computing Capital Adequacy Ratio as at 31 March 2020.
- Figures for the half year ended 31 March 2020 and 31 March 2019 are the balancing figures between audited figures in respect of full financial year and the published year to date audited figures for the half year ended 30 September 2019 and unaudited figures for the half year ended 30 September 2018 of the respective financial years, which was subject to audit / review by the statutory auditors.
- The Bank has made provision for Non Performing Assets that meets the minimum requirements prescribed by the RBI. Further, provision for standard assets have been made as per RBI guidelines for Banks.
- During the year Holding Company, Utkarsh CoreInvest Limited (formerly known as Utkarsh Micro Finance Limited) granted 1,814,225 Employee Stock Option to the Bank's employees.



9. Application for approval of the composite scheme of arrangement between the Company (USFBL) 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.
- The proposed arrangement envisages the reduction in the face value of the equity share capital of the USFBL and for the issuance and allotment of fully paid-up equity shares of USFBL to the shareholders of UCL from the reserves created from such reduction in the face value of the equity share capital of USFBL.
- The Proposed Arrangement is expected to
- Achieve partial satisfaction in the process of compliance of the conditions laid down by RBI in relation to the shareholding of the USFBL (i.e., by dilution of UCL's shareholding in USFBL from one hundred per cent (100%) to fifty per cent (50%)), and
 - Provide shareholders of UCL with direct shareholding in USFBL, which is presently held through UCL. Consequently, the shareholders of UCL can take independent decisions with respect to their holdings in UCL and USFBL.
- The Proposed Arrangement is purely amongst the Companies and their respective shareholders and there is no compromise or arrangement contemplated with any creditor or depositors of the Companies, nor will the Scheme involve any paring of liabilities (other than shareholders liabilities pursuant to the reduction in the face value of the equity share capital of USFBL).
- The Company is yet to receive the approval from National Company Law Tribunal, Allahabad.
10. COVID-19 pandemic continues to spread across India and there is unprecedented level of disruption on socio-economic front across the country. Globally, countries and businesses are under lockdown. Considering severe health hazard associated with COVID-19 pandemic, India is also under a 68 days nation-wide lockdown enforced by the Government of India from 25 March 2020 till 31 May 2020. There is high level of uncertainty about the duration of lockdown and the time required for things to get normal. The extent to which COVID-19 pandemic will impact the Bank's operations and financial results is dependent on the future developments, which are highly uncertain, including among many the other things, any new information concerning the severity of the pandemic and any action to contain its spread or mitigate its impact, whether government mandated or elected by the Bank.
- In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated 27 March, 2020 and 17 April, 2020, and clarification issued by RBI through Indian Bankers Association dated 6 May, 2020, the Bank is granting a moratorium on the payment of instalments and / or interest, as applicable, falling due between 1 March, 2020 and 31 May, 2020 (moratorium period) to all eligible borrowers in case of JLG portfolio and in Retail / WSL portfolio as per Opt-in basis is classified as Standard, even if overdue, as on 29 February, 2020. The moratorium period, wherever granted, shall be excluded by the Bank from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. Pursuant to the aforesaid circular read with clarification, the bank has made provisions of ₹140 crore and additionally the bank has made provisions of ₹49.96 crore on the basis management assessment.
11. The Reserve Bank of India, vide its circular dated 17 April 2020, has decided that banks shall not make any dividend payouts from profits pertaining to the financial year ended 31 March 2020 until further instructions, with a view that banks must conserve capital in an environment of highlighted uncertainty caused by COVID-19.
12. Refer Annexure 1 for details of credit ratings assigned, interest and principal repayment due dates on Non Convertible Debentures as per regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
13. Figures of the previous period / 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

Place: Varanasi
Date: 22 May 2020



Govind Singh
Managing Director & CEO
DIN: 02470880



Utkarsh Small Finance Bank Limited
S-24/1-2, First Floor, Mahavir Nagar, Orderly Bazar, Varanasi, Varanasi, Uttar Pradesh, India, 221002
Statement of Audited Financial Results for the half year ended 31 March 2020

Annexure I

Details of Non Convertible Debentures are as follows:-

Sr. No.	ISIN	Credit Rating		Previous Due Date		Next Due Date	
		Previous rating	Revised rating	Principal	Interest	Principal	Interest
1	INE396P08066	CARE A	CARE A	-	30-Mar-20	30-Jun-22	30-Jun-20
2	INE735W08012	CARE A	CARE A	-	31-Mar-20	09-Jul-25	30-Jun-20
3	INE735W08020	CARE A	CARE A	-	31-Mar-20	30-Aug-25	30-Jun-20

All the principal and interest due were paid on due dates

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

Place: Varanasi
Date: 22 May 2020


Govind Singh
Managing Director & CEO
DIN: 02470880

