



Date: November 6, 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 September 30, 2020

In compliance with Regulation 52 of 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 September 30, 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 Wednesday, November 4, 2020 and based on its recommendation, approved by the Board of Directors at its meeting held on Friday, November 6, 2020. The Board meeting commenced at 10.00 AM and still is in progress.

Kindly take the same on record.

Thanking you,
Sincerely yours,

For Utkarsh Small Finance Bank Limited

Nutan Anand Rane
Company Secretary & Compliance Officer



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 financial results of Utkarsh Small Finance Bank Limited ("the Bank") for the half year ended September 30, 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 half year ended September 30, 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 Statement 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 7 to the statement which explains that the extent to which COVID-19 pandemic will impact the Bank's operations and financial statement 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 Statement

This Statement has been compiled from the interim audited 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 the recognition and measurement principles laid down in Accounting Standards prescribed under Section 133 of the Act read with 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 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 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 Statement

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 but not for the purpose of expressing an opinion on the operating effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

HARIBHAKTI & CO. LLP

Chartered Accountants

- 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.
- 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.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

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Purushottam Nyati

Partner

Membership No. 118970

UDIN: 20118970AAAAKH1433

Place: Mumbai

Date: November 6, 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 period ended 30 September 2020
Balance Sheet as at 30 September 2020

(₹ in lakhs)

	As at 30 September 2020	As at 31 March 2020
	Audited	Audited
CAPITAL and LIABILITIES		
Capital	75,927.22	75,927.22
Reserves and Surplus	33,809.64	26,022.69
Deposits	596,929.78	523,521.25
Borrowings	280,921.69	267,503.68
Other Liabilities and Provisions	61,901.54	47,456.77
	1,049,489.87	940,431.61
ASSETS		
Cash and balances with Reserve Bank of India	19,339.48	19,165.81
Balances with banks and money at call and short notice	96,060.52	142,239.45
Investments	239,774.17	119,238.82
Advances	660,658.13	628,159.60
Fixed Assets	14,059.68	10,979.77
Other Assets	19,597.89	20,648.16
	1,049,489.87	940,431.61
Contingent Liabilities	4,139.80	1,994.45
Bills for Collection	-	-

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

GOVIND SINGH

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Place : Varanasi
Date : 06 November 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 half year ended 30 September 2020

(₹ in lakhs)

	For the half year ended 30 September 2020	For the half year ended 30 September 2019	For the year ended 31 Mar 2020
	Audited	Audited	Audited
1 Interest Earned (a+b+c+d)	78,672.69	60,957.48	130,768.67
(a) Interest/ discount on advances/ bill	69,441.03	55,003.79	119,227.24
(b) Income on investments	6,579.52	4,967.04	9,475.80
(c) Interest on balances with Reserve Bank of India and other interbank funds	2,650.28	980.58	2,055.50
(d) Others	1.86	6.07	10.13
2 Other Income	4,846.17	5,113.25	9,855.53
3 Total Income (1+2)	83,518.86	66,070.73	140,624.20
4 Interest Expended	36,732.18	27,491.79	57,946.26
5 Operating Expenses (i)+(ii)	24,520.47	20,619.00	47,648.41
(i) Employees cost	14,580.81	12,141.48	26,216.09
(ii) Other operating expenses	9,939.66	8,477.52	21,432.32
6 Total Expenditure (4+5) excluding provisions and contingencies	61,252.65	48,110.79	105,594.67
7 Operating Profit before Provisions and Contingencies (3-6)	22,266.21	17,959.94	35,029.53
8 Provisions (other than tax) and Contingencies	11,833.01	1,862.87	9,988.03
9 Exceptional item	-	-	-
10 Profit (+)/ Loss (-) from Ordinary Activities before tax (7-8-9)	10,433.20	16,097.07	25,041.50
11 Tax expense	2,646.25	4,557.17	6,367.23
12 Net Profit (+)/ Loss (-) from Ordinary Activities after tax (10-11)	7,786.95	11,539.90	18,674.27
13 Extraordinary items (net of tax expense)	-	-	-
14 Net Profit (+)/ Loss (-) for the period (12-13)	7,786.95	11,539.90	18,674.27
15 Paid-up equity share capital (of ₹ 10 each)	75,927.22	75,927.22	75,927.22
16 Reserves excluding Revaluation Reserves	-	-	26,022.69
17 Analytical Ratios			
Capital Adequacy Ratio	24.87%	24.97%	22.19%
EPS Basic (₹) (not annualised for six months)	1.03	1.56	2.49
EPS Diluted (₹) (not annualised for six months)	1.03	1.56	2.49
Face Value of shares (₹)	10	10	10
18 NPA Ratios			
(a) Gross NPA	4,266.02	7,844.20	4,465.53
(b) Net NPA	(85.37)	755.39	1,109.28
(c) % of Gross NPA	0.64%	1.50%	0.71%
(d) % of Net NPA*	(0.01%)	0.15%	0.18%
19 Return on assets (not annualised for six months)	0.75%	1.66%	2.47%
20 Net worth**	100,931.56	90,473.74	95,455.19
21 Debt Equity Ratio***	2.56	1.64	2.62

* netting off floating provision.

** as per RBI guidelines.

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

Notes:

- The financial results for the period ended 30 September 2020 have been reviewed by the Audit Committee at its meeting held on 04 November 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 06 November 2020.
- The Statutory Auditors have carried out audit of the Interim financial results of the Bank for the period ended 30 September 2020. 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 applicable 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 2020
- 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 30 September 2020.
- RBI circular DBR.No.BP.BC.U21.06.20 1/20 15-16 dated 01 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 and liquidity coverage 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.

6. 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 Bank had also approached RBI vide its letter dated 15 November 2019 seeking a certificate from RBI u/s 44B (1) of the Banking Regulation Act for the said Scheme.

During the quarter the Boards of UCL and the Bank deliberated on the RBI letter under reference and decided to withdraw the application filed with NCLT Allahabad for approval of the Scheme in the matter. In the hearing held on 27 August 2020, the Bank submitted an application to NCLT Allahabad for withdrawal of the Scheme, post which NCLT Allahabad issued an Order on the same day stating that the Scheme stands withdrawn at the request of the petitioners. DOR RBI CO has been informed of the withdrawal of the Scheme. The Bank has also written to DOR RBI CO towards withdrawal of the Bank's application to RBI seeking certificate u/s 44B (1) of the Banking Regulation Act.

The Bank is in the process of chalking out alternate plans for achieving the promoter shareholding dilution to 40% within the prescribed timelines.

7. COVID-19 virus, a global pandemic has affected the world economy including India. The extent to which the COVID-19 pandemic will impact the Bank's operations and financial results will depend on the future developments, which are highly uncertain.

In accordance with the RBI guidelines on 'COVID-19 Regulatory Package' of 27 March 2020 and 17 April 2020, the Bank has granted moratorium of three months on payment of all instalments/interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to eligible borrowers. Further, in line with the additional Regulatory Package guideline of RBI of 23 May 2020, the Bank has granted a second three month moratorium on instalments/interest, as applicable, due between 1 June 2020 and 31 August 2020 to eligible borrowers. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of determining whether an asset is non-performing).

Bank had performed stress testing under different scenarios to assess the credit quality and possible impact on provision which may persist even after the restrictions related to the COVID-19 outbreak are lifted. The Bank holds provisions as at 30 September 2020 against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Bank are in excess of the RBI prescribed norms.

The disclosure as required by RBI circular dated 17 April, 2020 for the half year ended 30 September 2020 is given below:

Items	₹ in Crores
Amounts of advances that are SMA or overdue as of 29 February 2020, where the moratorium/deferment was extended	28.02
Amount of advances where asset classification benefits was extended as of 30 September 2020	26.93
Provisions made as on 30 September 2020	2.80
Provisions adjusted against slippages	-
Residual provisions as on 30 September 2020	2.80

8. 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 03 September 2020 ("Interim Order"), has directed that accounts which were not declared NPA till 31 August 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Bank has not classified any account which was not NPA as of 31 August 2020 as per the RBI IRAC norms, as NPA after 31 August 2020. Further, in light of the Interim Order, even accounts that would have otherwise been classified as NPA post 31 August 2020 have not been and will not be, classified as NPA till such time that the Hon'ble SC rules finally on the matter.

However, if the Bank had classified borrower accounts as NPA after 31 August 2020, the Bank's proforma Gross NPA ratio and proforma Net NPA ratio would have been 0.70% and 0.03% respectively. Pending disposal of the case, the Bank, as a matter of prudence has, in respect of these accounts made provision per to its extant policies as applicable to NPA's & is classified under 'Standard Provisions'

9. Refer Annexure I 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.
10. Figures of the previous period / year have been regrouped / reclassified, wherever necessary to conform current period classification.

Place : Varanasi
Date : 06 November 2020

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

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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 30 September 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-Sep-20	30-Jun-22	30-Dec-20
2	INE735W08012	CARE A	CARE A	-	30-Sep-20	09-Jul-25	31-Dec-20
3	INE735W08020	CARE A	CARE A	-	30-Sep-20	30-Aug-25	31-Dec-20
4	INE735W08038		ICRA A	-	26-Sep-20	26-Jun-27	26-Dec-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

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Govind Singh
Managing Director & CEO
DIN : 02470880

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Place : Varanasi
Date : 06 November 2020