

B S R & Associates LLP

Chartered Accountants

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Independent Auditor's Report on the Annual Financial Results of Utkarsh Small Finance Bank Limited for the year ended 31 March 2019 pursuant to Regulation 52 read with Regulation 63 (2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of
Utkarsh Small Finance Bank Limited

1. We have audited the accompanying annual financial results of Utkarsh Small Finance Bank Limited ('the Bank') for the year ended 31 March 2019 (the 'Financial Results'), attached herewith, being submitted by the Bank pursuant to the requirement of Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). Attention is drawn to the fact that figures for the half year ended 31 March 2019 and the corresponding half year ended in the previous year as reported in these Financial Results are the balancing figures between audited figures in respect of the full financial year and the published unaudited year to date figures for the half year ended 30 September of the relevant financial year. Also, the figures up to the end of half year ended 30 September of the relevant financial year had only been reviewed and not subjected to audit.
2. These Financial Results have been prepared on the basis of the annual financial statements and reviewed half yearly financial results which are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these Financial Results based on our audit of the annual financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in the applicable Accounting Standards as specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder, provisions of Section 29 of the Banking Regulation Act, 1949, 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.
3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as Financial Results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

Independent Auditor's Report on the Financial Results of Utkarsh Small Finance Bank Limited for the year ended 31 March 2019 pursuant to Regulation 52 read with Regulation 63 (2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Continued)

4. In our opinion and to the best of our information and according to the explanations given to us, these Financial Results:
- (i) are presented in accordance with the requirements of Regulation 52 of the Listing Regulations in this regard; and
 - (ii) give a true and fair view of the net profit and other financial information for the year ended 31 March 2019.

for B S R & Associates LLP

Chartered Accountants

Firm's Registration No. 116231W / W-100024



N Sampath Ganesh

Partner

Membership No. 042554

Place: Mumbai
Date: 25 May 2019

Utkarsh Small Finance Bank Limited
Registered office address: S-24/1-2, First Floor, Mahavir Nagar, Orderly Bazar, Varanasi, Uttar Pradesh, India, 221002
Financial Results for the year ended 31 March 2019

(₹ in lakhs)

Sr. No.	Particulars	Six months ended		Year ended	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
		Unaudited	Unaudited	Audited	Audited
I	INCOME				
	Interest Earned*	46,957.77	29,867.80	87,923.81	51,817.34
	Other Income	2,256.61	2,109.10	5,985.27	4,368.97
		49,214.38	31,976.90	93,909.08	56,186.31
II	EXPENDITURE				
	Interest Expended*	20,220.36	13,622.85	38,187.38	25,073.05
	Operating Expenses*	17,772.47	12,407.40	32,668.99	23,555.32
	Provisions and Contingencies	7,785.69	9,251.98	13,663.90	13,859.59
		45,778.52	35,282.23	84,520.27	62,487.96
III	PROFIT/LOSS				
	Net Profit / (Loss) for the period / year	3,435.86	(3,305.34)	9,388.81	(6,301.65)
	Balance in Profit and Loss account brought forward	13.91	(2,633.70)	(5,939.04)	362.61
		3,449.77	(5,939.04)	3,449.77	(5,939.04)
IV	APPROPRIATIONS				
	Transfer to Statutory Reserve	(2,347.20)	-	(2,347.20)	-
	Transfer to Investment Reserve	(131.72)	-	(131.72)	-
	Balance carried over to Balance Sheet	970.85	(5,939.04)	970.85	(5,939.04)
		3,449.77	(5,939.04)	3,449.77	(5,939.04)
V	EARNINGS PER EQUITY SHARE				
	Basic EPS (₹) (not annualised for six months)	0.50	(0.91)	1.37	(1.73)
	Diluted EPS (₹) (not annualised for six months)*	0.50	(0.91)	1.37	(1.73)
	Face Value of shares (₹)	10	10	10	10
VI	Debt-equity ratio #	1.85	4.34	1.85	4.34
VII	Networth	77,276	41,187	77,276	41,187
VIII	Capital Redemption Reserve	-	-	-	-
IX	Capital Adequacy Ratio (%)	24.14%	17.40%	24.14%	17.40%

* Refer note 9 below

** The outstanding potential equity shares has an anti-dilutive effect on EPS for the year and half year ended 31 March 2018. Hence, basic earnings per share equals diluted earnings per share.

Debt-equity ratio = Borrowings divided by networth


Notes:

- The financial results for the year ended 31 March 2019 have been reviewed by the Audit Committee at its meeting held on 24 May 2019 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 25 May 2019.
- The Statutory Auditors have carried out audit of 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.
- During the year ended 31 March 2019, the Bank issued 267,000,000 equity shares of ₹ 10 each at par upon conversion of Compulsorily Convertible Debentures (CCD) into equity aggregating to ₹ 2,670,000,000 (Rupees Two Hundred and Sixty Seven crore only) on 13 June 2018 to its Holding Company, Utkarsh CoreInvest Limited (formerly known as Utkarsh Micro Finance Limited).
- 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 the Reserve Bank of India (RBI) dated 1 July 2015 for the purpose of computing Capital Adequacy Ratio.
- Figures for the half year ended 31 March 2019 and 31 March 2018 are the balancing figures between audited figures in respect of full financial year and the published year to date unaudited figures for the half year ended 30 September of the respective financial years, which was subject to 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 1,806,725 Employee Stock Option to the Bank's employees.
- These financial results include prior period items as mentioned below:
a) The interest income is net of ₹ 1,915.96 lakh pertaining to erroneous interest income recognized in prior periods.
b) The interest expenses (net) and other expenses (net) pertaining to prior period recognized in current year amounting to ₹ 99.81 lakh and ₹ (194.59) lakh respectively.
- 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.
- Previous period / year figures have been regrouped / reclassified wherever necessary to conform with the current period / year presentation.

Place : Mumbai
Date : 25 May 2019



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


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
Balance Sheet as at 31 March 2019

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
	Audited	Audited
CAPITAL and LIABILITIES		
Capital	73,705.00	47,005.00
Reserves and Surplus	3,570.63	(5,818.18)
Deposits	3,79,138.67	2,19,386.68
Borrowings	1,42,976.73	1,78,884.64
Other Liabilities and Provisions	24,248.56	12,914.32
Total	6,23,639.59	4,52,372.46
ASSETS		
Cash and balances with Reserve Bank of India	15,757.34	20,556.41
Balances with banks and money at call and short notice	35,905.87	36,319.04
Investments	86,220.71	66,127.37
Advances	4,66,571.62	3,10,171.86
Fixed Assets	8,988.15	8,726.65
Other Assets	10,195.90	10,471.13
Total	6,23,639.59	4,52,372.46
Contingent Liabilities	1,786.89	2,053.07
Bills for Collection	-	-

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

Place : Mumbai
Date : 25 May 2019




Govind Singh
Managing Director & CEO
DIN: 02470880

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

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	INE396P08074	CARE A*	CARE A	-	12-Jan-19	12-Jan-26	12-Jul-19
2	INE396P07084	CARE A*	CARE A	-	13-Nov-18	13-Sep-19	13-May-19
3	INE396P08041	CARE A*	CARE A	-	28-Mar-18	27-Dec-19	28-Jun-19
4	INE396P08066	CARE A*	CARE A	-	30-Mar-19	30-Jun-22	30-Jun-19
5	INE396P08025	CARE A*	CARE A	28-Mar-19	28-Mar-19	28-Jun-19	29-Apr-19
6	INE396P08058	CARE A*	CARE A	-	17-Dec-18	13-Dec-19	13-Dec-19
7	INE396P08082	CARE A*	CARE A	-	16-Jan-19	16-Jan-20	16-Apr-19
8	INE735W08012	-	CARE A	-	31-Mar-19	09-Jul-25	30-Jun-19
9	INE735W08020	-	CARE A	-	31-Mar-19	30-Aug-25	30-Jun-19

All the principal and interest due were paid on due dates.

* Ratings mentioned above are assigned at the time of issuance and has not undergone any changes from then.

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

Place : Mumbai
Date : 25 May 2019

