



Q1 FY 2017 -18 Highlights

The closure of Q1, FY 2017 -18 was marked with a milestone of crossing customer deposits of ₹100 Crore under the Liabilities business of the Bank.

In order to further augment the banking products and services, Bank also signed the Third Party Product Partnership Agreements with HDFC Ergo General Insurance Co. Ltd., HDFC Standard Life, ICICI Prudential Life Insurance and Shriram Life Insurance for distribution of insurance products.

The Bank also proudly announced the inauguration of its first two (2) Offsite ATMs at Harhua and Pahariya locations in Varanasi. At the close of Q1, FY 2017 -18, the branch network expanded to 401 (JLG business at 334 locations, MSME business at 25 locations, HL business at 6 locations, 19 General Banking Branches and 17 upgraded Micro Banking Branches).

Bank organized a Press Conference in Varanasi on June 17, 2017 to interact with media houses about the expansion plans, strategy and presence in the operational geography of Uttar Pradesh. Mr. Govind Singh, MD & CEO along with Mr. Arup Dutta, Head – Liabilities, Mr. Trilok Nath Shukla, Head – Micro Banking and Mr. Rahul Sinha, Head – Retail Assets participated in the interaction.

Under the CSR initiatives, the bank (in association with Utkarsh Welfare Foundation) organized a Mega Camp for Digital Financial Literacy at Deoria wherein the Chief Guest, Honorable MSME Minister - Mr. Kalraj Mishra discussed in length about the benefits and ease of Banking through Digital Banking. Various Print and Electronic Media Houses covered upon the Banking inclusion plans of Utkarsh.

Along with all business activities, the quarter was marked special with new incumbents joining in the Senior Management; Mr. Rahul Sinha as a Head - Retail Assets and Mr. Virag Jain, as a Head HR & Training.

GRADING

ICRA has assigned an MFI grading of M1 (pronounced M one) to Utkarsh Micro Finance Limited (UMFL). The grading indicates that in ICRA's current opinion, the MFI's ability to manage its microfinance activities in a sustainable manner is the highest.

Strengths and Challenges

Strengths

- Experienced and professional management team; strong investor profile.
- Robust loan origination, risk management, internal audit and MIS systems leading to healthy asset quality.
- Comfortable capitalization indicators supported by regular capital infusion; foreign shareholding likely to be lowered to meet SFB requirements.
- Financial flexibility arising from diversified funding mix; need to deepen the liability franchise on conversion to an SFB.
- Healthy profitability indicators supported by lower operating expense levels.

Challenges

- Ability to smoothly transition into a small finance bank.
- Recruiting training and retaining manpower, as it converts into an SFB.
- Issues like multiple borrower identities and limited coverage of credit bureaus need to be addressed to reduce industry level risks.
- Ability to manage political, communal and other risks across geographies of operations.
- High pace of growth, albeit growth largely driven by addition of new clients.
- Ability to deepen the liability franchise and develop a strong deposit base on conversion to an SFB.

New Incumbents in the Senior Management

Mr. Rahul Sinha – Head – Retail Assets

He has over 20 years of experience in Banking and Financial Services spreading across Retail Assets, Liabilities, Branch Banking and Trade Services. Prior to joining Utkarsh he was heading the Rural MSME vertical for Bajaj Finance Ltd. He has worked in Tata Motors, ICICI Bank, Reliance Capital and Bajaj Finance Ltd.



Virag Jain – Head - HR & Training

He is having more than 17 years' experience in the BFSI industry and has worked with ICICI Bank, Kotak Mahindra Bank and Reliance Mutual Fund in his earlier stints. Prior to joining Utkarsh, he was with Redwood Consulting as Partner. He possess his PGDBA from ICFAI Business School and Chartered Financial Analyst (CFA) from ICFAI-Hyderabad.



Employee Speak "..."

"I joined UTKARSH Micro Finance Pvt. Ltd. in January, 2010. At Utkarsh I learnt how to complete task in stipulated timeline and in a smart way. We have got excellent environment and equal opportunity to build leadership quality & career. I believing in No short cuts to success but hard work in a smart way. It is an honor to work with UTKARSH family.

Inspirational Mantra always align usCulture, Process & Growth."

Excerpts from a talk with Mr. Rahul Dwivedi, – Zonal Manager, Micro Banking Business, Ranchi.

OPERATIONAL HIGHLIGHTS

The outreach of the company grew to newer operational geographies in 10 states viz. Bihar, Chhattisgarh, Delhi-NCR, Haryana, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Uttarakhand and Uttar Pradesh. The branch network expanded to 401 (JLG business at 334 locations, MSME business at 25 locations, HL business at 6 locations, 19 General Banking Branches and 17 upgraded Micro Banking Branches).

At the close of Q1, FY 2017-18 the JLG active client base was 1,211,936 with portfolio outstanding at ₹17,089.54 Mn. The MSME portfolio was ₹797.1 Mn with 16,389 active clients and Housing Loan had 171 active clients with ₹55.7 Mn portfolio outstanding. The total portfolio of the Bank was ₹17,942.34 Mn, as on June 30, 2017.

A comparative summary of the operational highlights of the Bank is as below:

Particulars	As on June 30, 2017	As on Mar 31, 2017	As on June 31, 2016
LIABILITIES OUTREACH			
No. of States	6	4	-
No. of Districts	15	4	-
Total No. of General Banking Branches	19	4	-
Total No. of Customers	3,134	1,681	-
Total Deposit (₹ in Mn)	1,303.09	186.28	-
Particulars	As on June 30, 2017	As on Mar 31, 2017	As on June 31, 2016
MICROFINANCE OUTREACH			
No. of States	10	10	10
No. of Districts	110	110	102
Total No. of Branches			
Micro Banking Branches	17	1	-
Micro Finance Branches	334	350	334
Total No. of Centers	75,804	75,887	65,722
Total No. of Groups	322,532	321,326	292,481
Total No. of Members	1,190,615	1,104,768	1,143,97
Total No. of Clients	1,211,936	1,152,324	1,074,98
Loan Outstanding (₹ in Mn) (Own + Managed)	17,089.54	15,301.61	14,982.4
Total No. of Loans Disbursed	2,32,783	2,830,668	2,290,129

Particulars	As on June 30, 2017	As on Mar 31, 2017	As on June 31, 2016
MICRO SMALL MEDIUM ENTERPRISES			
No. of States	7	7	7
No. of Districts	22	22	23
Total No. of Business Locations	25	23	23
Total No. of Loans Disbursed	24,655	23,101	18,816
Total No. of Clients	16,389	16,911	15,689
Loan Outstanding (₹ in Mn)	797.1	782.6	919.3

HOUSING LOAN			
No of States	3	2	2
No. of Districts	6	3	2
Total No. of Business Locations	6	3	2
Total No. of Loans Disbursed	186	171	110
Total No. of Active Clients	171	161	97
Loan Outstanding (₹ in Mn)	55.7	52.2	25.5

EMPLOYEE DETAILS			
Micro Banking Employees	2,851	2886	2,334
Retail Loan Employees	333	343	273
Liabilities Employees	391	318	-
Support and Control Teams	324	300	246
TOTAL	3,899	3,847	2,853

FINANCIAL PERFORMANCE

The Bank booked a Profit / Loss before Tax of (-)₹405.97 Mn for Q1 FY 2017 - 18. On account of NPA / write off, important financial parameters are as below:

Particulars	As on Jun 30, 2017 (Unaudited)	As on Mar 31, 2017 (Audited)	As on Jun 30, 2016 (Unaudited)
Income ₹ (in Mn)	1,155.47	4,222.43	913.85
Expense ₹ (in Mn)	1,561.44	3,693.43	704.02
Profit Before Tax ₹ (in Mn)	(405.97)	529.00	209.82
Net Worth ₹ (in Mn)	2,609.94	6,754.41	2654.2

Key indicators Q1 FY 2017 – 18

Key Indicators	As on Jun 30, 2017 (Unaudited)	As on Mar 31, 2017 (Audited)	As on Jun 30, 2016 (Unaudited)
CRAR	19.72%	25.87%*	19.25%
Operating Self Sufficiency	74.72%	120.59%	131.2%
ROA	(10.2%)	1.60%	3.35%
ROE	(27.0%)	6.91%	19.77%
Debt Equity	3.11%	2.81	4.74%
Operating Expense Ratio	12.2%	8.02%	7.53%
Cost of Borrowing	11.66%.	12.32%	12.91%

* Overall Company's CRAR.

Success Stories – as client speak “....”

Today, my family is economically and socially empowered. The Financial assistance from Utkarsh has made me confident in my life & helped me to build a respectable position in the society.

Many things have changed in last few years; we renovated our kaccha house into pakka house, both my sons Shivam and Vishwajeet had started going to school.

All this happened after I met an Utkarsh official who motivated me to be a part of a joint liability group and avail an income generating loan for starting a small business activity. Knowing this and consulting about the same with my husband and neighbours, I applied for the group loan.

With an initial loan of ₹12,000/- and with some savings, I purchased a cow for ₹18,000/- and started selling milk which helped me to earn something for my family and after one year I took a subsequent loan of ₹15,000 and added my savings from the earned income to purchase another cow. Today I support my husband in the household expenses and also I am able to save ₹800 to ₹1,000 per month.

All my family members are thankful to Utkarsh for supporting us for the timely linkage on our credit requirements.

Ms. Tara Devi, a resident of Aurai (Mirzapur, Uttar Pradesh), is client of Utkarsh Aurai Branch.

THANK YOU UTKARSH



Samachar Dhara, June 12, 2017

The Hindu Business Line, June 18, 2017

Banking Frontiers, June Edition, 2017

Utkarsh Small Finance Bank looks to cross-sell insurance; plans 400 branches

Will focus on non-micro-finance sectors such as MSMEs, housing and retail loans



Govind Singh, MD and CEO

The newly formed Utkarsh Small Finance Bank will look to cross-sell its insurance products through its branches from July. Utkarsh plans to have a network of 400 branches by the end of this fiscal. While only five of its existing micro-finance branches will be upgraded to small finance bank branches, another 50 will be new additions.

Utkarsh currently has a customer base of 12 lakh across 10 major States—Uttar Pradesh, Bihar, Jharkhand, Uttaranchal, Madhya Pradesh, Madhya Pradesh, Delhi, Orissa, Himachal Pradesh and Chhattisgarh.

According to Govind Singh, MD and CEO, the bank has already tied up with KCI Prudential Life, Shikha Life, LIC, TFCI Life and HDFC Ergo to cross-sell both life and general insurance offerings.

"In our case, the ticket size of insurance products will obviously be lower in the initial days. So, in the first year, commission income may not be substantial," he told Business Line in an interview.

Interest rates
However, Singh expects modification of deposits (in its possession) as an MFI the company was not allowed to take deposits at one of the major advantages.

"Our annual blended borrowing cost will come down by 100 to 120 basis points this year because of acquisition of deposits. The current cost of loans is three times from banks would range between 11 and 12 per cent. We expect overall cost of deposits to be in the range of 7 to 8.5 per cent," he explained.

As far as term deposits are concerned, Utkarsh offers 90 per cent at around 100-150 basis points higher than large banks (ranging at 8.25-8.5 per cent), while for savings deposits the rate is 10 per cent.

"Our lending rates will remain the same initially. My lending is still from the old term loans we had taken from banks. We expect around 100-150 basis-point reduction in the cost of lending for the asset side, but that will happen gradually," he explained.

For joint lending group (JLG) or microfinance, it is still 24 per cent, while Utkarsh has stopped charging last year growing last fiscal deposits of over ₹25,000 crore, in case of MFI lending, the rates have come down to 19-20 per cent, from 24-25 per cent.

Business growth
The small finance bank will focus on the non-micro-finance sectors like MSMEs and housing loans, retail loans like two-wheeler finance, personal loans, among others. Currently, micro-finance lending accounts for 84 per cent of its loan book of ₹1,000 crore.

Mobilising deposits
According to Singh, Utkarsh is expecting to mobilise deposits at the rate of ₹100-200 crore, while additions will be ₹1,000-2,000 crore by the end of this fiscal.

In terms of geographical expansion, the small finance bank will look to diversify its presence in the existing States, while a focus into Madhya is being continued.

Utkarsh plans to offer full banking services

The Government Development Corporation-sponsored Utkarsh Micro Finance has just transitioned itself to a small finance bank. Govind Singh, MD and CEO of the bank, outlines the proposed activities of the bank.



Govind Singh emphasizes that the bank's focus would be to take care of the urban and underbanked sections of the population.

Govind Singh, MD and CEO of Utkarsh Small Finance Bank, a New Banking Financial Company, Micro Finance Institution registered with the Reserve Bank of India, headquartered at Varanasi, a started operations on July 10, 2017. He started operations on July 10, 2017 to provide financial and non-financial services to its core population in the urban and underbanked population who have the skills but are in need of capital. Initially, it started with credit facility under joint liability group (JLG) model. Today, the company also has Micro, Small and Medium Enterprise Loans and Housing Loans products in its basket. Currently, it has 124 employees, 14 assets, 7,200 lending and 13 general banking branches in 10 districts spanning 10 states of Uttar Pradesh, Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh, Telangana, Uttarakhand, Himachal and Haryana, India.

From the very first year, we were focused on getting strong support and overall insurance to them. From the very first year, we audited internally. We believe in building three pillars of a sustainable institution—Urban, Process and Growth. We had ₹1,000 crore in net statutory capital and had set up Responsible Finance Lending Management Department in the first year of operations.

Our overall approach on quality rather than just quantity has helped us move up the industry recognition like the MSME Bank Award (Shri Yashwantrao Chavan Award) and Green Promoters Certificate from Smart Campaign.

We are an NPI (Non-Performing Asset) Bank.

20 Banking Frontiers June 2017

उत्कर्ष लघुवित्त बँकेच्या ग्राहकांना मिळणार एचडीएफसी अर्गोची विमा उत्पादने

मुंबई : सामान्य विमा उद्योग क्षेत्रातील अग्रणी कंपनी असलेल्या एचडीएफसी अर्गो कंपनीने सर्वसाधारण विमा उत्पादनांच्या

आपल्या देशभरात ग्राहकांना एचडीएफसी अर्गोची सर्वसाधारण विमा उत्पादने देऊ करणार आहे. यात मोटर विमा, गृहविमा, आरोग्य विमा, अपघात विमा, अभिनविमा यासारख्या विविध उत्पादनांचा समावेश आहे. ही सर्व उत्पादने उत्कर्ष लघुवित्त बँकेच्या शाखांमध्ये उपलब्ध करण्यात येणार आहेत, अशी माहिती एचडीएफसी अर्गो जनरल इन्श्युरन्स कंपनीचे कार्यकारी संचालक अनुज त्यागी यांनी दिली आहे. उत्कर्ष लघुवित्त बँकेसोबतचा सहकार्य करार आमच्या विकास धोरणाचाच एक भाग असून आमच्यासाठी एक महत्त्वाचा टप्पा आहे. आमचा आवाका विस्तारित करून देशभरातील विविध केंद्रांवरील ग्राहकांना आमची उत्पादने अधिक प्रमाणात उपलब्ध करून देण्याचा आमचा सातत्याने प्रयत्न राहिला आहे, असे त्यागी यांनी या वेळी सांगितले.



We are proud to have joined hands with Utkarsh Small Finance Bank for the distribution of General Insurance

epunyanagari.com, July 07, 2017

SMALL FINANCES, BIG ENTREPRENEURIAL STEPS

Starting up a bank often starts out, but it's not easy for people passionate about ideas to break away from the machine system that restricts them. But what if that's the common story. There is a few other banks away from the system, start up and make a comeback, only to disrupt the routine structure of what previously held them back. And Govind Singh, MD and CEO of Utkarsh Small Finance Bank, did exactly that.

"With ticket sizes ranging from Rs 50,000 to Rs 1 crore, most of our clients are entrepreneurs and small business owners. We have a separate department that interacts with these people. We support them not just through lending and banking, but also by conducting workshops and training," he said.

For Singh, change is about to set in, in the next 12 months. "We already have Rs 120 crore of deposits and by next year we will have Rs 200-300 crore. Our asset value to the bank is currently Rs 1000 crore but we are looking at bumping it up to Rs 2,500 crore," said Singh.

TRANSITIONING INTO A BANK
But, it wasn't all rosy days for Singh. While de-regulation certainly helped in launching operations, there were many challenges that they faced with the new economy. "The requirements of being a bank are much higher. The regulations, legal and technology are the aspects that require around Rs 100 crore as it needs to bring about the structure. One of the most critical aspects was the 12 per cent required for the core banking system to be on a digital platform. From the capital expenditure was high, as we restructured the bank's balance sheet. We started operations on July 10, 2017, while also meeting the micro-finance institution as it also involved training a lot of our native employees," he said.

The bank is also one of the only ones to be headquartered in Varanasi. "The idea was that we get access to small and medium business owners, who at that time didn't have easy access to loans."

DIVERSIFICATION IS THE ONLY CONSTANT
With a background of banking, Singh decided to start a venture of his own, which led to the formation of the Utkarsh Micro Finance Institution. "Thanks to his knowledge of the industry it wasn't too long before he met with success. With a customer base of 1.2 million and then lending to MSMEs, MSMEs and start-ups, it was time for him to start a bank."

Entrepreneur India Magazine, July Edition, 2017

Photo Gallery: UTKARSH ACTIVITIES

Utkarsh Small Finance Bank Achieves A Milestone

Customer base Deposits of ₹100 Crore



Signing of Agreement with Partners for Insurance Business



Press Conference, Varanasi on June 17, 2017



Your feedback is important to us. Please write to us at:

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