

NOTICE

NOTICE IS HEREBY GIVEN THAT THE EXTRA-ORDINARY GENERAL MEETING OF THE MEMBERS OF UTKARSH MICRO FINANCE LIMITED (THE "COMPANY") IS SCHEDULED TO BE HELD ON SEPTEMBER 15, 2016, AT 11:00 A.M. AT AVENDUS CAPITAL PVT LTD OFFICE, THE IL&FS FINANCIAL CENTRE, 5TH FLOOR, B QUADRANT, BANDRA-KURLA COMPLEX, BANDRA (E), MUMBAI-400 051, TO INTER ALIA, CONSIDER AND TRANSACT THE FOLLOWING BUSINESS AS UNDER:

SPECIAL BUSINESS:

1. Approval for offer and Issue of Equity Shares on a Private Placement Basis.

To consider and if thought fit, to pass with or without modification(s) the following resolution(s) as Special Resolution(s):

"RESOLVED THAT pursuant to the provisions of Sections 42 and 62(1)(c), Companies Act, 2013 (including any statutory modifications(s) or re-enactment(s) thereof, for the time being in force), and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014, as amended from time to time, all applicable rules, regulations and guidelines issued by the Reserve Bank of India under the Foreign Exchange Management Act, 1999, the articles of association of the Company, the approval of the members of the Company be and is hereby accorded, for offering and issuing, upto 36,120,277 equity shares ("**Equity Shares**") of face value of ₹10/- (Indian Rupees Ten only) each carrying a premium of of ₹99.36/- (Rupees Ninety and Thirty Six paise only) per share (the "**Offer**"), to HDFC Standard Life Insurance Company Limited, ICICI Prudential Life Insurance Limited, Faering Capital India Evolving Fund II, HDFC Ergo General Insurance Company Limited, RBL Bank Limited, Small Industries Development Bank of India, Arpwood Investment Advisors LLP and Shriram Life Insurance Company Limited ("**the Investors**") by way of private placement.

"RESOLVED FURTHER THAT the Offer shall be made to the Investors and in the manner recorded herein below ("**Offerees**").

Securities sought to be issued by the Company	3,61,20,277 equity shares of face value of ₹10/- (Indian Rupees Ten only) each carrying a premium of of ₹99.36/- (Rupees Ninety and Thirty Six paise only) per share.
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Sl. No	Offeree of Equity Shares	Number of Equity Shares offered	Price per Equity Share	Investment Amount (INR) (rounded off figure)
1.	HDFC Standard Life Insurance Company Limited	2,743,312 Equity Shares at a face value of ₹10 each	109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)	30,00,00,000/- (Paid up Equity value of ₹ 2,74,33,120 and Premium amount of 272566880/- only)
2.	ICICI Prudential Life Insurance Limited	3,657,750 Equity Shares at a face value of 10 each	109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)	40,00,00,000/- only of 109.36 each share (Equity value of ₹36577500 and premium of ₹363422500/-only)
3.	Faering Capital India Evolving Fund II	8,549,990 Equity shares at a face value of ₹10 each	109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)	93,50,00,000/- only of 109.36 each share (Equity value of ₹85499900 and premium of ₹849500100/- only)
4.	HDFC Ergo General Insurance Company Limited	914,437 Equity shares at a face value of ₹10 each	109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)	10,00,00,000/- only of 109.36 each share (Equity value of ₹91,44,370 and premium of ₹9,08,55,630/- only)
5.	RBL Bank Limited	8,549,990 Equity shares at a face value of ₹10 each	109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)	93,50,00,000/- only of 109.36 each share (Equity value of 85499900 and premium of ₹84,95,00,100/- only)
6.	Small Industries Development Bank Of India	4,252,134 Equity shares at a face value of ₹10 each	109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)	46,50,00,000/- (paid up equity value of ₹42521340 and premium amount of ₹42,24,78,660/- only)
7.	Arpwood Investment Advisors LLP	3,200,531 Equity shares at a face value of ₹10 each	109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)	35,00,00,000/- (paid up equity value of ₹32005310 and premium amount of ₹31,79,94,690/- Only)
8.	Shriram Life Insurance Company Limited	4,252,134 Equity shares at a face value of ₹10 each	109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)	46,50,00,000/- (paid up equity value of ₹42521340 and premium amount of ₹42,24,78,660 Only)
Total		3,61,20,277 Equity Shares of ₹10 Each		₹3,950,000,000/- (Paid up equity value of ₹361202770/-and premium amount of ₹3,58,87,97,230/- only)

2. Approval of Utkarsh Employee Stock Option Plan 2016 and issue of share warrant/ sweat equity /any other instrument as per applicable law.

Employee Stock Option Plan-2016

To consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolution.

“RESOLVED THAT subject to applicable provisions of the Companies Act, 2013 (“the Act”) and the Article of Association of the Company and subject to the such approvals, permissions, sanctions and subject to such conditions and modifications, as may be prescribed or imposed while granting such approvals, consent, permission and/or sanctions, approval and consent of Shareholders’ be and is hereby accorded for issue of maximum number of Shares that may be issued pursuant to exercise of Options granted to the Participants under this Plan (ESOP 2016) not exceeding 59,89,594 equity shares i.e. 7% of the fully diluted paid up capital of the Company calculated as the total capital post the infusion of fresh capital at the time of the shareholders agreement dated September , 2016.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Mr. Govind Singh, Managing Director & CEO is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the members of the Company in this regard.”

Warrants / Sweat Equity or any other instruments

“RESOLVED THAT in principle approval of the Shareholders, be and is hereby accorded for issuance of Sweat Equity/ Warrant/ any other instruments as per applicable provisions of the Companies Act 2013 to Mr. Govind Singh, promoter of the Company.”

“RESOLVED FURTHER THAT Mr. Neeraj Kumar Tiwari, Company Secretary of the company be and is hereby authorized to do all other acts, deeds and things in connection with the issue of Warrant/ Sweat Equity share or any other instruments as per regulation.”

NOTES:-

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be the member of the company. Proxy in order to be effective must be deposited with the company at least 48 hours before the time of the meeting.
2. The Register of Members will not remain closed.
3. The explanatory statement relating to special business mentioned in the Notice as required pursuant to section 101(2) of the Companies Act, 2013 is annexed to the Notice.

By Order of the Board
for Utkarsh Micro Finance Limited.

Neeraj Kumar Tiwari
Company Secretary

Date: 13.09.2016

Place: Mumbai

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Resolution at Item No. 1

Your Company has got in principle approval from RBI to set up a Small Finance Bank on October 7, 2015. As per the said approval the minimum capital requirement for getting license of small finance bank ("SFB") is 100 Crore, accordingly your company is proposing to invite fresh capital in the company which will be further infused in the Utkarsh Small Finance Bank, a Company incorporated for taking up the SFB business Accordingly the Company proposes to offer its equity shares of 10 each at a premium of 99.36 per share ("Offer") to the following offerees as per following details:

Sl. No	Offeree of Equity Shares	Number of Equity Shares offered	Price per Equity Share	Investment Amount (INR) (rounded off figure)
2.	HDFC Standard Life Insurance Company Limited	2,743,312 Equity Shares at a face value of ₹10 each	109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)	30,00,00,000/- (Paid up Equity value of ₹ 2,74,33,120 and Premium amount of 272566880/- only)
2.	ICICI Prudential Life Insurance Limited	3,657,750 Equity Shares at a face value of 10 each	109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)	40,00,00,000/- only of 109.36 each share (Equity value of ₹36577500 and premium of ₹363422500/-only)
3.	Faering Capital India Evolving Fund II	8,549,990 Equity shares at a face value of ₹10 each	109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)	93,50,00,000/- only of 109.36 each share (Equity value of ₹85499900 and premium of ₹849500100/- only)
4.	HDFC Ergo General Insurance Company Limited	914,437 Equity shares at a face value of ₹10 each	109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)	10,00,00,000/- only of 109.36 each share (Equity value of ₹91,44,370 and premium of ₹9,08,55,630/- only)
5.	RBL Bank Limited	8,549,990 Equity shares at a face value of ₹10 each	109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)	93,50,00,000/- only of 109.36 each share (Equity value of 85499900 and premium of ₹84,95,00,100/- only)
6.	Small Industries Development Bank Of India	4,252,134 Equity shares at a face value of ₹10 each	109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)	46,50,00,000/- (paid up equity value of ₹42521340 and premium amount of ₹42,24,78,660/- only)
7.	Arpwood Investment Advisors LLP	3,200,531 Equity shares at a face value of ₹10 each	109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)	35,00,00,000/- (paid up equity value of ₹32005310 and premium amount of ₹31,79,94,690/- Only)

8.	Shriram Life Insurance Company Limited	4,252,134 Equity shares at a face value of ₹10 each	109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)	46,50,00,000/- (paid up equity value of ₹42521340 and premium amount of ₹42,24,78,660 Only)
Total		3,61,20,277 Equity Shares of ₹10 Each		₹3,950,000,000/- (Paid up equity value of ₹361202770/-and premium amount of ₹3,58,87,97,230/- only)

As per requirement of section 42 read with section 62 (1) c of the Companies Act 2013 and Rule 9 of the Companies (Share Capital and Debentures) Rules, 2014 thereunder the consent of the shareholders of the Company by way of special resolution, is required for issuing the Equity Shares to the above mentioned offerees and hence your directors submit the resolution set out at Item No. 1 for your consideration and recommend passing of the same.

The Board of directors, in its meeting held on September 13, 2016 has dully approved the proposed issues of shares to the above offeree(s).

The relevant details of the Offer proposed to be issued and other material facts in connection thereto are provided hereunder.

1. Size of the proposed issue of securities:

Issue of 3,61,20,277 Equity Shares of ₹10 Each at a premium of ₹99.36 each aggregating ₹3,950,000,000/- only.

2. The object of the issue:

The object of the issue is to increase the shareholding of the Indian shareholders in the Company in order to ensure compliance with the guidelines issues by Reserve Bank of India for establishing and operation of small finance banks.

3. The manner of issue:

The Offer is proposed to be made as a preferential allotment in accordance with the provisions of section 42, 62(1)(c) of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment(s) thereof, for the time being in force), Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, Rule 9 and Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014.

4. The price and/or price band at/within which the securities are proposed to be offered and allotted:

The Equity Shares are being offered at a per share price of ₹109.36 (face value of ₹10 equity share and premium of ₹99.36 per equity share)

5. Basis on which the price has been arrived:

The Equity Share Issue Price is based on the valuation report dated September 9, 2016 ("Valuation Report") submitted by Tipsons Consultancy Services, private Limited, a SEBI ,Registered Category (I) merchant Banker. The copy of the Valuation Report has also been circulated to the shareholders of the Company along with the offer letter.

6. Relevant date with reference to which the price has been arrived at: June 30, 2016

7. The class or classes of persons to whom the allotment is proposed to be made:

The offer for the issuance of the Equity Shares are being made to proposed new investors Viz (HDFC Standard Life Insurance Company Limited, ICICI Prudential Life Insurance Limited, Faering Capital India Evolving Fund II, HDFC Ergo General Insurance Company Limited, RBL Bank Limited, Small Industries Development Bank Of India, Arpwood Investment Advisors LLP and Shriram Life Insurance Company Limited) on a preferential allotment basis.

8. Intention of promoters, directors or key managerial personnel to subscribe to the offer:

No director(s), promoter(s) and key managerial person(s) are being offered securities in the Offer.

9. Offer Period:

The Offer for issue of the Equity Shares (limited to such number of securities as specified in the cover letter to the application form for each offeree) will be valid for a period of 12 Months from the date of issue of the offer letter within which period the offeree is required to submit its acceptance to subscribe to the entitled securities in whole or in part, failing which the Offer will be deemed to have been rejected by such offeree.

The Equity Shares will be allotted to the offerees accepting the Offer, within a maximum period of 60 (sixty) days from the date of receipt of the subscription amounts from such offerees.

10. The names of the proposed allottee and the percentage of post preferential offer capital that may be held by them on a fully diluted basis.

As per table mentioned in point no:1

11. The change in control, if any, in the company that would occur consequent to the preferential offer:

Consequent to the proposed offer, the new investor would be allotted 42.21% of the post issue share capital as per the detail of shareholding given in point no:1.

12. The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price:

None

13. The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:

No allotment under the Offer is being made for consideration other than cash.

14. The expected dilution in equity share capital upon conversion

NIL

15. Shareholding pattern of the Company:

S. No.	Category	Pre-Issue		Post-Issue	
		No. of shares held	% of shareholding	No. of shares held	% of shareholding
A	Promoters' holding				
	1 Indian				
	Individual	3185498	6.44	3185498	3.72
	Bodies Corporate	-	-	-	-
	Sub Total	3185498	6.44	3185498	3.72
2	Foreign Promoters	-	-		
	Total (A)	3185498	6.44	3185498	3.72
B	Non-Promoters' holding :				
	1 Institutional Investors	41601055	84.14	77721335	90.83
2	Non-Institution :				
	Private Corporate Bodies	51588	0.1	51588	0.05
	Directors and Relatives	108290	0.25	108290	0.02
	Indian Public	4498927	9.36	4498927	5.38
	Others (Including NRIs & foreign entities)				
	Total (B)	46259860	93.56	82380140	96.28
	GRAND TOTAL (A+B)	49445358	100	85565358	100

16. Others:

The Company, at the time of such issue of Equity Shares has no subsisting default in the redemption of preference shares issued either before or after the commencement of the Companies Act, 2013 or in payment of dividend due on any preference shares.

None of the Directors or the Key Managerial Persons of the Company or any relatives of such Directors or Key Managerial Persons are in any way, concerned or interested, either directly or indirectly, in the proposal contained as aforesaid, except as shareholders of the Company.

In view of above, the Board of Directors recommends the passing of the resolutions set out at Item No. 1 as a Special Resolution.

Resolution at Item No. 2

Employees Stock Option Scheme 2016

The Utkarsh ESOP Scheme 2016 is applicable to whole time Directors and the eligible Employees of the Company/subsidiaries, who are in permanent employment of the Company/subsidiaries and the purpose of this Plan is to attract, reward, motivate and retain its Employees for high levels of individual performance and for extraordinary efforts to improve the performance of the Company that will ultimately contribute to the success of the Company. This purpose is sought to be achieved through the grant of Options to the Employees to subscribe for Shares of the Company.

The maximum number of Shares that may be issued pursuant to exercise of Options granted to the Participants under this Plan (ESOP 2016) shall not exceed 59,59,594 i.e. 7% of the fully diluted paid up capital of the Company calculated as the total capital post the infusion of fresh capital at the time of the shareholders agreement dated September , 2016 provided that all Options that have lapsed (including those having lapsed by way of forfeiture) shall be added back to the number of Options that are pending to be granted.

In view of the above, your directors recommend passing of the resolution in item no.2.

None of the directors, KMP, relative of the directors were interested except to the extent of ESOP share(s), if any, which may be granted to them as per the scheme.

Warrants / Sweat Equity or any other instruments

It is proposed that Mr. Govind Singh, MD & CEO will be entitled to warrants/sweat equity/any other instruments as per the applicable regulation. Mr. Govind will be eligible for maximum of 3% of the fully diluted paid up capital of the Company post the infusion of fresh capital by way of shareholders agreement dated September , 2016.

The warrants/sweat equity/any other instrument as per applicable law will be exhausted within 3 (three) years from the incorporation of SFB. The warrants/sweat equity will be allotted at the same price as which the shares were issued pursuant to Shareholders agreement dated September, 2016.

For Utkarsh Micro Finance Limited

Neeraj Kumar Tiwari
(Company Secretary)

M No: 37761

Address: S-2/639-56, Varuna Vihar Colony,
J. P Mehta Road Cantt, Varanasi-221002