



Q3 OPERATIONAL HIGHLIGHTS FOR SFB SUBSIDIARY

The quarter was marked special as Government of India, through its official gazette notification dated Nov 04, 2017, included Utkarsh Small Finance Bank (The Bank) in the second schedule of RBI Act 1934 in accordance with Clause (a) of sub – section (6) of Section 42 of the Act. The Scheduled status was granted to the Bank subsequent to an assessment of the Bank by Reserve Bank of India (RBI).

During the Quarter the Bank launched 6 General Banking Branches and also started Banking Operations at 16 Micro Banking Branches pan India.

Utkarsh Small Finance Bank also launched Money Transfer Services through Western Union along with our partner – Transcorp International in phase 1 as pilot business in selected Micro Banking & General Banking branches.

Utkarsh Micro Finance, the holding entity for Utkarsh Small Finance Bank, came up with Rights Issue of shares which got oversubscribed as existing investors wanted to invest more. Post Rights Issue, foreign holding in the company fell to 39.8% from 42.11%. CDC continued to be the largest shareholder with 14.14%, while RBL Bank and Faering Capital maintained their holding at 9.99%. This signifies confidence of our investors who have invested in past also. This would work as growth capital for Utkarsh for faster expansion of our operations.

Further, Utkarsh Micro Finance Limited (UMFL) has taken a stake in Utkarsh Welfare Foundation (UWF) to an extent of 78.49% on November 22, 2017. Subsequently, UWF has become a Direct Subsidiary of UMFL, the Holding Company.

As a part of Corporate Social Responsibility initiatives, Utkarsh Welfare Foundation is implementing Village Adoption Plan. UWF Village Adoption Plan envisages integrated and holistic development of identified villages in consultation with village community coupled with convergence of various development interventions. The inaugural of three villages under village adoption program was done on Oct 12, 2017. The adopted villages are Bhimchandi, Deendaspur and Mahmampur in Arajiline Block of Varanasi District. During the inauguration, a camp on Financial Literacy was conducted in village Mahmampur & Deendaspur and a Health Camp was organized in village Bhimchandi. The inauguration was done by respective village Pradhans. Inclusion of Utkarsh Welfare Foundation in the Utkarsh Group would enable a close synergy for bringing in the high quality of effective management of CSR initiatives of the group.



New Incumbents in the Senior Management

Venkat Krishnan Veeramoni, Chief Technology Officer

He has about 19 years of experience in Information Technology domain with focus on Banking, Finance and Insurance, specializing in large scale transformational projects, including setting up of banks, complex core banking migrations and change management. Prior to Utkarsh, he has held Senior Leadership Roles with Yes Bank as CTO, HSBC India as Head Enterprise Architecture, Dhanlaxmi Bank as Head IT, Edelweiss Tokio Life Insurance as CTO, Al Ahli Bank of Kuwait as Head, Technology Risk and Information Security. He has won recognition like Computer Society of India Award 2011 Winner for Excellence in Banking Technology, InfoSec Maestro's Award 2014 and EDGE Award winner for Technology Transformation in the BFSI segment. He is MCA from Government College of Engineering, Karad and B. Sc. from SIES College (Bombay University).



Prabhat Kumar, Product Head - Retail Assets

He has an overall experience of more than 11 years in BFSI industry. His last assignment was with Yes Bank as Product Manager in Business Banking Group. Prior to that he has worked with HDFC Bank in several capacities including Product Management (MSME Working Capital, Farmer Finance), Relationship Management (Working Capital, Commodity Finance). He is a Graduate in B.A. from Babasaheb Bhimrao Ambedkar Bihar University and PGDRM from Institute of Rural Management Anand, Gujarat.



Ashutosh Upadhyay, DVP- HR & Training

He has an overall experience of 16 years in BFSI industry. He has worked with ICICI Bank in different capacities including Regional Manager (Institutional Sales Business) for Uttar Pradesh and Regional Head Sales (Liabilities) for Uttar Pradesh and Uttarakhand. His last assignment with ICICI Bank was as Cluster Head for various clusters in East UP and West UP. He is an MBA from ICFAI Business School and Chartered Financial Analyst (CFA) from ICFAI-Kolkata.



Employee Speak "..."

"My Journey with Utkarsh started 7 years back in January 2011 with Finance team. I have been fortunate enough to work with the most professional institution I have ever come across. Here, I experienced lots of space in terms of freedom and visibility for employees to enhance the professional career with focus on personality development.

As Utkarsh has transformed itself from an NBFC-MFI to a Small Finance Bank, this came as a unique opportunity for me to help me gain insights for not just working in a bank, but actually working for setting up a Bank. With the new avenues coming, I have been given the opportunity to explore my skills in Corporate / Wholesale Lending Business after getting excellent exposure in Finance Team. Thank you Utkarsh for providing excellent working environment and growth opportunity to work with."

Excerpts from a talk with Mr. Atul Srivastava, – Manager, Finance, Head Office.



OPERATIONAL HIGHLIGHTS

The outreach of the company grew to newer operational geographies of the existing 10 states viz. Bihar, Chhattisgarh, Delhi-NCR, Haryana, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Uttarakhand and Uttar Pradesh. The outreach expanded to 403 Banking Outlets (including 297 Micro Finance Outlets, 55 Micro Banking Outlets, 42 General Banking Outlets and 9 exclusive MSME Banking Outlets (which shall soon be merged with General Banking Outlets]).

At the close of Q3 FY 2017-18, the Micro Finance outreach had 1,406,344 with loan portfolio of ₹22,837.2 Mn. The MSME business had 16,018 active client base with loan portfolio of ₹901.9 Mn and Housing Loan business had 227 active client base with loan portfolio of ₹96.2 Mn. The total assets portfolio of the Bank was ₹24,945 Mn, as on Dec 31, 2017. The active customer base under liability business was 15,426 with ₹13,766.5 Mn of deposits.

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

Particulars	As on Dec 31, 2017	As on Mar 31, 2017	As on Dec 31, 2016
MICROFINANCE OUTREACH			
No. of States	10	10	10
No. of Districts	110	110	110
Total No. of Outlets			
Micro Banking Outlets	55	1	-
Micro Finance Outlets	297	350	351
Total No. of Centers	87,696	75,887	74,100
Total No. of Groups	367,329	321,326	337,192
Total No. of Clients	1,406,344	1,152,324	1,209,989
Loan Outstanding (₹ in Mn) (Own + Managed)	22,837.2	15,301.6	16,358.2
Total No. of Loans Disbursed	3,654,464	2,830,668	2,663,499

Particulars	As on Dec 31, 2017	As on Mar 31, 2017	As on Dec 31, 2016
MICRO, SMALL & MEDIUM ENTERPRISES LOANS			
No. of States	8	7	7
No. of Districts	31	22	23
Total No. of Banking Outlets	34	23	23
Total No. of Loans Disbursed	28,114	23,101	22,520
Total No. of Clients	16,018	16,911	16,855
Loan Outstanding (₹ in Mn)	901.9	782.6	879.6

Particulars	As on Dec 31, 2017	As on Mar 31, 2017	As on Dec 31, 2016
HOUSING LOANS			
No of States	4	2	2
No. of Districts	16	3	3
Total No. of Banking Outlets	16	3	3
Total No. of Loans Disbursed	312	171	163
Total No. of Active Clients	227	161	156
Loan Outstanding (₹ in Mn)	96.2	52.2	45.3



Particulars	As on Dec 31, 2017	As on Mar 31, 2017	As on Dec 31, 2016
LIABILITIES OUTREACH			
No. of States	9	4	-
No. of Districts	33	4	-
Total No. of General Banking Outlets	42	4	-
Total No. of Customers	15,426	1,681	-
Total No. of Accounts	17,378	2,916	-
Total Deposit (₹ in Mn)	13,766.5	186.3	-

EMPLOYEE DETAILS	As on Dec 31, 2017	As on Mar 31, 2017	As on Dec 31, 2016
Micro Banking Vertical	3,119	2,886	2,595
Retail Assets Verticals	441	343	317
Liabilities Vertical	478	318	-
Support and Control Teams	497	300	440
TOTAL	4,535	3,847	3,352
Women Employees	338	240	194

NUMBER of ATMs	As on Dec 31, 2017s	As on Mar 31, 2017	As on Dec 31, 2016
Onsite ATMs	44	4	-
Off-site ATMs	22	1	-
TOTAL	66	5	-

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

“I am Chinta Maurya, a native of Saidpur, which comes under Ghazipur district. Here most of the population is involved in farming activity. My husband is a farmer and also runs a business of eatery shop at the time of festival in order to earn extra.

We grow different varieties of vegetables and food grains such as Potato, Tomato, Wheat, Tur (Arhar), Sugarcane, Peas, etc. and sell them in the market. We earned sufficient for feeding our family and we are easily able to save some amount for the future.

But, time changes its own pace. My family will never forget those days of struggles when my husband got a serious operation and in order to cover huge medical expenses; we spent all our savings. Things were getting worse day by day and we were struggling for our daily needs.

4 years ago, when I met with an Utkarsh official who briefed me about the process to avail a loan by becoming active member of a JLG. Hence, I could think of utilizing my skills in income generating activities.



After knowing this, I decided to take small Loan from Utkarsh. Having a long discussion with my husband, we decided to took the initial loan of `15,000/-. We purchased agricultural inputs such as fertilizers, seeds etc. and fertilize different farm output such Tur (Arhar), Rice, Sugarcane, Wheat etc.

Slowly and gradually, we decided to sell the agriculture output to cover the medical expenses as well as to feed our family. The financial support from Utkarsh helped my husband to recover fast.

To increase the source of earning, one of my relative suggested me to start a new business of cosmetic shop. After having discussion with my husband we took subsequent loan of `20,000/-, and opened a small cosmetic shop near my house. Within two months our income increases up to `15,000/-.



With the higher loan in subsequent cycle of `25,000/- we purchased agriculture input as well as increased the stock of cosmetic items. Currently our earning is `22,000/- and from our savings we have purchased two buffalos and we sell their milk in local market.

We thank Utkarsh to support us when we needed it the most. Now we easily cover the daily requirements with medical expenses. Now my husband is physically fit and my children are studying in a convent school.

Ms. Chinta Maurya, a resident of Saidpur, Ghazipur is client of Utkarsh Ghazipur Branch.



Utkarsh in News

INTERVIEW: GOVIND SINGH, managing director and chief executive officer, Utkarsh Small Finance Bank

‘We can get additional equity in next one to two months’

Having made the transition from a microfinance lender to a full-service bank on September 22, Utkarsh Small Finance Bank is now offering medium, small and micro enterprise (MSME) and housing loans, managing director and chief executive officer Govind Singh told *Shrutama Bose*. The bank has seen its cost of funds fall nearly 100 basis points (bps) over the last six months and expects an equivalent drop in another six months, he added. Excerpts:

You launched as a full-service bank on September 22. What did this launch entail?

We have been a microfinance company. Microfinance loan was one of our products. Apart from that, we have loans for MSMEs and housing. These were our products as an NBFC (non-banking financial company). Over a period of time, we have launched our liability products, like savings (accounts), RD (recur-

ring deposit), FD (fixed deposit) and insurance products. So we have all these products at launch. We'll also have all the channels available. We'll have internet banking, mobile banking, ATMs, call centres and so on. We'll also offer payment options like NEFT (National Electronic Fund Transfer), IMPS and RTGS (Real Time Gross Settlement). All those functions will now be available.

Are you launching any digital products?

We used to have e-KYC (Know Your Customer) and tablet banking for our microfinance customers. Now we'll also have it for our liability customers.

In how many states have you launched?

We were already present in 10 states. We have 351 existing microfinance branches, of which we are upgrading some to micro-bank-



ing. We are putting some brand new branches where we'll have all products available. We have a few MSME branches also. In all, we have about 400 banking outlets. All products and services will be available at all these outlets.

By when do you expect to reap the benefit of a lower cost of funds?

We could get a benefit of about 90-100 basis points in the last six-seven months also and we are expecting the scheduled bank status sometime this month. In six months' time, we expect another 100 basis points of reduction in the cost of funds.

What are your plans for capital-raising this year?

We can get some additional equity during the next one to two months' time. The talks on that are now in advanced stage. The raise will be from existing shareholders only.

Do you have a timeline for listing?

The regulatory requirement is that it has to be done within three years of the net-worth reaching ₹500 crore. The net-worth of the

bank is around ₹300 crore, as at the end of March 2017. So the listing may happen around four to four-and-a-half years from now.

In April, you had said that while collections had recovered in most geographies, you were still seeing some impact of demonetisation in areas like Vidarbha. Have repayments in those locations improved?

In some regions like Vidarbha, things have actually not moved in the last four-five months' time. But, our core geographies, like Uttar Pradesh, have got back on their feet. There we are almost back to normal right now. Other geographies like Haryana and Delhi have also improved a lot. The only geography where there is still pressure, as far as we are concerned, is Vidarbha. Overall, there has been massive improvement.

Financial Express, Oct 14, 2017

उत्कर्ष स्मॉल फाइनेंस बैंकको मिला अनुसूचित वाणिज्य बैंकका दर्जा

भारत सरकार ने अपनी आधिकारिक राजपत्र अधिसूचना के जरिए भारतीय रिजर्व बैंक अधिनियम, १९३४ (१९३४कर) की धारा ४२ के उप-धारा (६) के खंड (क) के अनुसारण में दूसरी अनुसूची में उत्कर्ष लघु वित्त बैंक को शामिल किया। भारतीय रिजर्व बैंक (आर.बी.आई.) द्वारा उत्कर्ष के मूल्यांकन के बाद यह अनुसूचित होने का दर्जा प्रदान किया गया है। अनुसूचित वाणिज्य बैंक की स्थिति प्राप्त करने के बाद उत्कर्ष लघु वित्त बैंक चर्चानिधि समायोजन सुविधा (एलएएफ) और सीमांत स्थायी सुविधा (एमएसएफ) के साथ आर.बी.आई. से उधार लेने और देने में सक्षम होगा। इसके अलावा यह बैंक को सार्वजनिक क्षेत्र के उपक्रमों (पीएसयू) म्यूचुअल फंड, बीमा कंपनियों और अन्य संस्थाओं (जो कि नियामक या आंतरिक दिशा-निर्देशों का पालन करते हुए अनुसूचित बैंको के साथ लेनदेन करते हैं) से व्यापार हासिल करने में मदद करेगा। इससे बैंक नकदी तरलता के लिए प्रतिस्पर्धात्मक ब्याज दर पर नया प्रमाणपत्र (सीडी) जारी करने में सक्षम होगा। यह अनुसूची बीसीएसबीआई भारतीय बैंकिंग संहिता और मानक बोर्ड सदस्यता के लिए आवेदन करने में उत्कर्ष को सक्षम करेगा।

Aaj News Paper, Nov 28, 2017

उत्कर्षने बढ़ायी १५० करोड़ रुपयेकी पूंजी

वाराणसी। उत्कर्ष माइक्रो फाइनेंस, उत्कर्ष लघु वित्त बैंक की प्रवर्तित संस्था ने १५० करोड़ रुपये के राइड्स इश्यू- (शेयर अधिकार) देने की घोषणा की। अत्यंत सकारात्मक प्रतिक्रिया के साथ यह औद्योगिककाइब किया गया है। यह औद्योगिककाइब, उत्कर्ष के कारपोरेट गवर्नेंस और बिजनेस माडल में हितधारकों के विश्वास को दर्शाता है। अतिरिक्त पूंजी का आगमन उत्कर्ष द्वारा वित्तीय समावेशन के सभी पहलुओं को प्रोत्साहित करेगा जिसमें प्रौद्योगिकी के सहयोग से समाज के सभी क्षेत्रों की सेवा करते हुए, दूरगामी क्षेत्रों में वित्तपोषण प्रमुख है। उत्कर्ष की सेवा विस्तार योजना के मुताबिक पर्याप्त पूंजी तीव्र विकास के लिए अनुकूल वातावरण प्रदान करेगा। बैंक के एम.डी. और सी.ई.ओ. श्री गोविंद सिंह ने कहा इस अतिरिक्त पूंजी निवेश के लिए हम अपने शेयर धारकों की सकारात्मक और उत्साहपूर्ण प्रतिक्रिया का स्वागत करते हैं। यह हमारे बेहिस शीट का विश्वास बढ़ाता है और हमारे पिछले दिनों के निवेशकों का विश्वास दर्शाता है। यह हमारे कार्यों के तेजी से विस्तार के लिए विकास पूंजी के रूप में काम करेगा। उन्होंने टीम उत्कर्ष की सफल राइड्स इश्यू के लिए बधाई दी।

Aaj News Paper, Nov 28, 2017



Utkarsh CoreInvest Limited
(Formerly Utkarsh Micro Finance Limited)



Utkarsh Small Finance Bank
Utkarsh Small Finance Bank



Utkarsh Welfare Foundation



Photo Gallery: UTKARSH ACTIVITIES



Launch of General Banking Branches during Q3:

- Jalikhan** Branch, Uttarakhand (Oct 03, 17);
- Deoria** Branch, Uttar Pradesh (Oct 24, 17);
- Gorakhpur** Branch, Uttar Pradesh (Oct 25, 17);
- Fraser Road** Branch (District - Patna), Bihar (Oct 28, 17);
- Jabalpur** Branch, Madhya Pradesh (Nov 29, 17);
- Lalganj** Branch, Bihar (Dec 14, 17)



16 MICRO BANKING BRANCHES LAUNCHED DURING Q3 FY 17-18



Launch of Micro Banking Branches during Q3:

Saraikeela Branch (District - Seraikeela Kharsawan), Jharkhand (Oct 10, 17); **Gotegaon** Branch (District - Narsimhapur), Madhya Pradesh (Oct 16, 17); **Tekari** Branch (District - Gaya), Bihar (Oct 17, 17); **Gharaunda** Branch (District - Karnal), Haryana (Oct 18, 17); **Ballia** Branch (District - Begusarai), Bihar (Nov 1, 17); **Kasimabad** Branch (District - Ghazipur), Uttar Pradesh (Nov 1, 17); **Lambhua** Branch (District- Sultanpur), Uttar Pradesh (Nov 1, 17); **Banka** Branch (District - Banka), Bihar (Nov 28, 17); **Mau** Branch (District - Chitrakoot), Uttar Pradesh (Dec 7, 17); **Ghatsila** Branch (District - Purbi Singhbhum), Jharkhand (Dec 8, 17); **Hingna** Branch (District - Nagpur), Maharashtra (Dec 12, 17); **Kaithal** Branch (District - Karnal), Haryana (Dec 12, 17); **Hansdiha** Branch (District - Dumka), Jharkhand (Dec 13, 17); **Ponta Sahib** Branch (District - Sirmaur), Himachal Pradesh (Dec 16, 17); **Sahson** Branch (District - Allahabad), Uttar Pradesh (Dec 27, 17); **Akbarpur** Branch (District - Ambedkar Nagar), Uttar Pradesh (Dec 29, 17).

For Queries and Suggestions, please write to: **Utkarsh CoreInvest Ltd**
S-24/1-2 | 4th Floor | Mahavir Nagar | Orderly Bazar | Mahavir Mandir
Varanasi | Uttar Pradesh – 221002 Mobile # +91 7518903414;
E-mail ID: communication@utkarshcoreinvest.com website: www.utkarshcoreinvest.com

Disclaimer: This publication contained general information about Utkarsh Group (comprising Utkarsh CoreInvest Limited, Utkarsh Small Finance Bank Limited and Utkarsh Welfare Foundation) and its meant for circulation to the Shareholders, Staff and Branches of Utkarsh group to apprise them of the latest developments under various broad heads on best effort basis.