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YOUR FRIENDLY FINANCIAL ADVISORS

IPO note: Utkarsh Small Finance Bank Limited - "SUBSCRIBE"

July 12, 2023

Impressive background and business model.

Utkarsh Small Finance Bank Limited ("Utkarsh SFB") was incorporated on April 30, 2016. Utkarsh SFB is an SFB in India and recorded the 3rd fastest Gross Loan Portfolio growth between Fiscal 2019 and Fiscal 2023 among SFBs with Gross Loan Portfolio of more than ₹60 billion. Utkarsh SFB Promoter, Utkarsh CoreInvest Limited ("UCL"), commenced its operations as a NBFC in Fiscal 2010 and was focused on providing microfinance to unserved and underserved segments and in particular in the states of Uttar Pradesh and Bihar. Utkarsh SFB has its headquarters located in Varanasi, Uttar Pradesh and have over the years expanded its SFB operations strategically in States where it has been able to leverage the prior microfinance experience of Utkarsh CoreInvest Limited. On October 7, 2015, Utkarsh CoreInvest Limited received the RBI In-Principle Approval to establish an SFB, following which it incorporated Utkarsh Small Finance Bank Limited as a wholly-owned subsidiary on April 30, 2016. Subsequent to obtaining the RBI Licence on November 25, 2016, to establish and carry-on business as an SFB, Utkarsh CoreInvest Limited transferred its business of providing microfinance, as a going concern to its Bank, which commenced its operations from January 23, 2017. Utkarsh Small Finance Bank Limited was included in the second schedule to the RBI Act as a scheduled commercial bank pursuant to a notification dated October 4, 2017 issued by the RBI and published in the Gazette of India (Part III - Section 4) dated November 7, 2017.

Utkarsh SFB offers a range of financial products and services that address the specific requirements of its customer segments. Utkarsh SFB product portfolio includes asset products that it advances to customers located primarily in unbanked and underbanked areas; and liability products in the form of deposits that it sources from customers across regions. Its operations are spread across India and are present in 26 States and Union Territories with 830 Banking Outlets and 15,424 employees, as of March 31, 2023. 27.35% of their Banking Outlets were located in Unbanked Rural Centres ("URCs"). As of March 31, 2023, Utkarsh SFB had 3.59 million customers (both deposit and credit) majorly located in rural and semi-urban areas primarily in the states of Bihar, Uttar Pradesh. Having arrangements with business correspondents ("BCs") and direct selling agents ("DSAs") they had tie-ups with 13 BCs to source customers and 321 DSAs to grow their asset portfolio.

Utkarsh SFB leverages the use of technology to provide transactional ease through internet and mobile banking and on-boarding convenience through digital on-boarding of customers with the use of handheld devices and as of March 31, 2023, 15,797 employees used handheld devices/ digital services for onboarding 573,619 savings account customers.

Utkarsh SFB Promoter, Utkarsh CoreInvest Limited, is an NBFC-CIC-NDSI in India and is backed by a number of institutional investors including British International Investment PLC (formerly, CDC Group PLC), RBL Bank Limited, International Finance Corporation, NMI Frontier Fund KS, Lok Capital Growth Fund, SIDBI, HDFC Life Insurance Company Limited, HDFC Ergo General Insurance Company Limited, ICICI Prudential Life Insurance Company Limited, Faering Capital India Evolving Fund, Hero Enterprises Partner Ventures, responsAbility Participations Mauritius, Shriram Life Insurance Company Limited, and Avishkaar Bharat Fund.

Utkarsh SFB certificate of deposits programme and subordinated non-convertible tier II bonds are rated by credit rating agencies; their certificate of deposit programme has a rating of "[ICRA] A1+" by ICRA and non-convertible tier II bonds have a rating of "CARE A (Stable)" by CARE and "[ICRA] A (Positive)" from ICRA.

Investment recommendation and rationale

At the upper end of the price band of ₹25, Utkarsh SFB IPO is valued at P/BV of 1.10x at post IPO Book value which believe is reasonable considering the strong outlook in the microfinance segment. We recommend investors to "SUBSCRIBE" the issue due to the following factors: a) Sound understanding of microfinance segment and presence in rural and semi-urban areas; b) Growing deposits with focus on retail deposits; c) Diversified distribution network with significant cross-selling opportunities; d) Focus on risk management and effective operations; and Stable growth with cost efficient operational performance; e) focus on digital onboarding of customers, f) Leadership complementing its strengths, g) decent performance during COV-19 era, h) strong return ratios, i) Company has raised ₹222.75 Crore from marquee anchor investors which instills confidence in the issue.

Type of Issue	Fresh issue of equity shares aggregating upto ₹ 500 Crore
Issue size	₹ 500 Crore at the upper end of the price band
No. of shares	200,000,000 Equity Shares at upper end of the price band
Issue date	July 12, 2023 - July 14, 2023
Listing date	July 24, 2023
Price Band	₹23 - ₹25 (Face value: ₹10)
Bid lot	600 equity shares and in multiple thereof
Issue structure	QIB: 75%, Non Institutional: 15%, Retail: 10%
Employee Reservation	20,00,000 equity shares
Post issue shares	109.59 Crore equity shares at upper end of the price band
Promoters	Pre IPO: 84.75 % Post IPO: 69.28 %
Public - Investor	Pre IPO: 13.38 % Post IPO: 10.93 %
Selling Shareholder	
Public - Other	Pre IPO: 1.88 % Post IPO: 19.78 %
Shareholder	
Post issue market cap	₹ 2,740 Crore at the upper end of the price band
BRMS	ICICI Securities, Kotak Mahindra Capital Company
Registrar to the issue	KFin Technologies Limited

Key performance indicators (₹ Crore)

Particulars	FY23	FY22	FY21
Gross Loan Portfolio	13,957.11	10,630.73	8,415.66
Unsecured Loans (% of total advances)	66.92%	78.01%	86.18%
Disbursements	12,442.89	9,046.28	5,914.00
Deposits	13,710.14	10,074.18	7,507.57
Credit to Deposit Ratio	95.32%	101.53%	109.45%
Equity Share Capital	895.91	895.52	848.33
Networth	2,000.32	1,572.30	1,368.35
Total Capital Ratio (CRAR) %	18.25%	18.08%	19.98%
Net Interest Income	1,529.03	1,060.85	839.25
Net Interest Margin	9.57%	8.75%	8.20%
Profit before taxes	535.81	79.71	151.44
Net Profit for the Year	404.50	61.46	111.82
Basic EPS (Rs.)	3.69*	0.70	1.46
P/E	6.78	35.7	17.12
Return on Average Assets	2.42%	0.48%	1.05%
Return on Average Equity	22.84%	4.14%	9.99%
Average yield	15.67%	15.24%	15.46%
Cost of Funds	6.96%	7.47%	8.27%
CASA + Retail Term Deposit Ratio (as % of total deposit)	61.55%	59.64%	57.51%
CASA ratio	20.89%	22.37%	17.68%
Provision Coverage Ratio (including T2O)	95.78%	78.14%	80.42%
Cost/Income ratio	54.15%	58.90%	56.54%
Gross NPA (% of Gross Advances)	3.23%	6.10%	3.75%
Net NPA (% of Net Advances)	0.39%	2.31%	1.33%
SMA 1 (%)	0.77%	1.59%	2.62%
SMA 2 (%)	0.70%	0.88%	1.14%
Standard Rest. Advances (%)	0.22%	1.26%	3.13%
Credit cost	2.61%	5.03%	3.97%
NAV (Rs.)	22.82#	17.56	16.13

Source: Red Herring Prospectus (RHP), *Post IPO EPS, #Post IPO Book Value



Objects of the issue

Fresh Issue: Upto ₹500 Crore

- a) The Bank proposes to utilize the Net Proceeds from the Issue towards augmenting its Tier – 1 capital base to meet its future capital requirements. Further, the proceeds from the Issue will also be used towards meeting the expenses in relation to the Issue.
- b) Additionally, Utkarsh SFB expects to receive the benefits of listing the Equity Shares on the Stock Exchanges.

Source: Red Herring Prospectus (RHP)

Product Portfolio

Utkarsh SFB offers a range of financial products and services that address the specific requirements of their customer segments. Utkarsh SFB product portfolio includes asset products that it advances to customers located primarily in unbanked and underbanked areas; and liability products in the form of deposits that they source from customers across regions.

Asset Products

Utkarsh SFB categorizes its asset products into (i) micro-banking loans that include joint liability group loans, individual loans and 2-wheeler loans; (ii) retail loans that includes unsecured loans, such as business loans and personal loans, and secured loans, such as loans against property (“LAP”) and vehicle loans; (iii) wholesale lending that includes short term and long-term loan facilities to SMEs, mid and large corporate and institutional clients; and (iv) housing loans with a focus on affordable housing. Categorization is largely determined by customer profile, type of security and end-use.

Micro-banking Loans

Micro-banking provides a comprehensive package of financial inclusion products and business development services to underprivileged or low-income individuals or groups who have limited access to financial services. Micro-banking loans are provided with tenor of 12 to 24 months. The interest rates on their micro-banking loans are fixed and currently the rate of interest is 23% per annum. In the micro-banking loan segment, Utkarsh SFB offers loans through the ‘joint liability group’ (“JLG”) model. Utkarsh SFB provides cashless disbursement in the micro-banking segment and disburses all the loans in the bank account of the customer. Utkarsh SFB is also providing micro-banking loans through BC partners and as of March 31, 2023, the Bank was serving JLG customers through a network of 6 BC partners. It intends to move towards digital modes of collections in the micro-banking segment which will significantly reduce the operational risk pertaining to physical cash as well as improve the efficiency of the field staff.

Joint Liability Group Loans (“JLG”)

Utkarsh SFB provides group loans built on the peer-guarantee loan model (JLG), which enables individuals to take loans without having to provide collateral or security on an individual basis, while promoting credit discipline through mutual support within the group, prudent financial conduct among the group, and prompt repayment of their loans. Group loan products are offered to economically active, unserved and underserved customers to meet various requirements. The primary target customer segment for their micro-banking business are women in households who are engaged in income generating activities, or who intend to begin new income generating activity on their own. As of March 31, 2023, all of their customers in the JLG loans segment are women.



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Key Financial and Operational Metrics

Deposits (₹ Crore)

Particulars	2023		2022		2021	
	Amount (₹ Cr)	% of Total	Amount (₹ Cr)	% of Total	Amount (₹ Cr)	% of Total
Demand Deposits	384.00	2.80%	362.48	3.60%	159.77	2.13%
Saving Bank Deposits	2,479.73	18.09%	1,890.81	18.77%	1,167.22	15.55%
CASA Deposits	2,863.73	20.89%	2,253.29	22.37%	1,326.99	17.68%
Term Deposits	10,846.41	79.11%	7,820.90	77.63%	6,180.58	82.32%
Total Deposits	13,710.14	100.00%	10,074.18	100.00%	7,507.57	100.00%

Source: Red Herring Prospectus (RHP)

Loan Portfolio (₹ Crore)

Particulars	2023		2022		2021	
	Amount (₹ Cr)	% of Total	Amount (₹ Cr)	% of Total	Amount (₹ Cr)	% of Total
Micro-banking Loans	9,215.58	66.03%	8,002.41	75.28%	6,899.38	81.98%
Housing Loans	519.25	3.72%	359.25	3.38%	219.58	2.61%
Retail Assets (MSME)	1,534.09	10.99%	840.04	7.90%	531.14	6.31%
Wholesale Lending	1,546.81	11.08%	926.12	8.71%	503.11	5.98%
BC	372.84	2.67%	224.42	2.11%	194.71	2.32%
CE and CV	560.36	4.01%	212.16	2.00%	12.78	0.15%
Others	208.18	1.50%	66.34	0.62%	54.95	0.65%
Gross Loan Portfolio	13,957.11	100%	10,630.73	100%	8,415.66	100.00%

Source: Red Herring Prospectus (RHP)

Capital Adequacy (₹ Crore)

Particulars	2023	2022	2021
Common Equity Tier I Capital	1,844.82	1,420.76	1,256.52
Tier I Capital	1,844.82	1,420.76	1,256.52
Tier II Capital	241.23	275.70	119.25
Total Capital	2,086.05	1,696.46	1,375.77
Total Risk Weighted Assets	10,105.89	7,857.05	6,287.72
Capital Adequacy Ratio			
Common Equity Tier I Capital Ratio (as a % of Credit Risk Weighted Assets)	18.25%	18.08%	19.98%
Tier I Capital (as a % of Credit Risk Weighted Assets (%))	18.25%	18.08%	19.98%
Tier II Capital (as a % of Credit Risk Weighted Assets (%))	2.39%	3.51%	1.90%
Total Capital to Risk Weighted Asset Ratio (CRAR) (as a % of Credit Risk Weighted Assets)	20.64%	21.59%	21.88%

Source: Red Herring Prospectus (RHP)

Non-Performing Assets (NPAs) Portfolio (₹ Crore)

Particulars	2023	2022	2021
Gross NPAs as at the period end	431.50	648.16	315.29
Closing balance of provision for NPAs (excluding floating provision)	288.34	402.58	198.80
Closing balance of floating provisions	92.65	9.78	7.67
Net NPAs	50.51	235.80	108.81
Advances	13,068.77	10,228.15	8,216.86
Gross Advances	13,357.11	10,630.73	8,415.66
Gross NPAs / Gross Advances (%)	3.23%	6.10%	3.75%
Net NPAs/ Advances (%)	0.39%	2.31%	1.33%
Provision for NPA as a percentage of Gross NPAs	88.29%	63.62%	65.49%
Provision Coverage ratio (including technical write offs)	95.78%	78.14%	80.42%

Source: Red Herring Prospectus (RHP)



Competitive strengths

1) Sound understanding of microfinance segment and presence in rural and semi-urban areas

Utkarsh CoreInvest Limited (UCL), originally commenced operations as a NBFC in Fiscal 2010 and later converted to a NBFC – MFI. Utkarsh CoreInvest Limited has a history of serving customers in the microfinance segment with a particular focus on financial inclusion for unserved and underserved customer segments in rural/ semi-urban areas of Uttar Pradesh, Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh and Uttarakhand.

The erstwhile business of UCL was primarily based on the joint liability group-lending model for providing collateral-free, small ticket-size loans to economically active poor women for income generation purposes. UCL also offered micro enterprise loans to the economically poor segments. Following the commencement of their SFB operations, Utkarsh SFB has further strengthened their engagement with borrowers by continuing to focus on microfinance and by diversifying their product offerings to include savings accounts, deposit products and other loan products.

Utkarsh SFB understanding of the customer segments in rural and semi-urban areas in these geographies coupled with their significant presence in these areas allows them to cater to the financing requirements of potential customers. As of March 31, 2021, 2022 and 2023, their micro-banking portfolio constituted 81.98%, 75.28% and 66.03% of their total Gross Loan Portfolio and were to their micro-banking loan customers primarily present in rural and semi-urban areas across 159 districts, as of March 31, 2023.

Utkarsh SFB total customers (both deposit and credit) have been continuously increasing and their customer base grew from 2.90 million customers as of March 31, 2021, to 3.14 million customers as of March 31, 2022 and further to 3.59 million customers as of March 31, 2023. As of March 31, 2021, 2022 and 2023, Utkarsh SFB generated 68.47%, 63.23% and 56.42% of their Gross Loan Portfolio from rural and semi-urban areas, respectively.

The Bank's focus on the micro-banking segment is also reflected in their lending towards 'priority sectors'. As of March 31, 2021, 2022 and 2023, 86.15%, 83.04% and 78.38% of their gross loan portfolio qualified as 'priority sector lending', as compared to the regulatory requirement of 75% for SFBs. The Bank also stands to benefit from the recent re-classification norms prescribed by the RBI pursuant to which, from 2022 onwards, their incremental priority sector credit to certain districts (where the credit flow is comparatively lower) is eligible for a PSL weightage of 125% and 100%, respectively. As of March 31, 2023, these districts accounted for 50.81% and 40.56% of their JLG portfolio, respectively.

2) Growing deposits with focus on retail deposits

Utkarsh SFB offers a variety of demand and time deposit products along with other services through which their customers can address their savings and transactional needs. Utkarsh SFBs total deposits have grown from ₹ 7,507.57 crore as of March 31, 2021, to ₹ 10,074.18 crore as of March 31, 2022, and further to ₹ 13,710.14 crore as of March 31, 2023, while their deposit-only customers have increased from 0.38 million as of March 31, 2021, to 0.86 million as of March 31, 2023.

Utkarsh SFB CASA franchise has increased from ₹ 1,326.99 crore as of March 31, 2021 to ₹ 2,253.29 crore as of March 31, 2022 and further to ₹ 2,863.74 crore as of March 31, 2023. Retail deposits offer greater opportunities for cross-selling and up-selling a variety of products which includes assets and third-party products, therefore meeting the life cycle of their customer requirements.

The Bank's CASA ratio and large percentage of retail deposits provides it with stable access to low cost funding and longer tenure resources profile. As a result, the Cost of Funds has reduced from 8.27% in Fiscal 2021 to 7.47% in Fiscal 2022 and further to 6.96% in Fiscal 2023.

3) Diversified distribution network with significant cross-selling opportunities

Utkarsh SFB has an extensive physical network of Banking Outlets and as of March 31, 2023, they had 830 Banking Outlets across 26 States and Union Territories covering 253 districts in India of which 522 Banking Outlets were located in rural and semi-urban areas (combined).

As of March 31, 2023, 62.89% of their total Banking Outlets were located in rural and semi-urban areas. In order to further increase the financial inclusion and provide comprehensive financial services, they have also opened Banking Outlets that have been classified by the RBI as Unbanked Rural Centres ("URCs") in 69 districts. Besides their Banking Outlets, their multi-channel delivery includes ATMs, micro-ATMs, mobile and internet banking, corporate internet banking services. The Bank's relationship with the micro-banking customers presents significant opportunities to cross sell their other asset products that cater to the entire customer lifecycle.

4) Focus on risk management and effective operations

Risk management is at the core of their operations, and they have over the years focused on robust and comprehensive credit assessment and risk management framework. They also have an IT system in place to monitor and control operational risk including fraud detection and incident reporting. Credit management is crucial to the business since a significant number of their customers are from the unserved and /or underserved financial segment and primarily first-time purchasers of financial products. Utkarsh SFB has implemented credit management models such as decentralized loan sanctioning for certain segments and stringent credit history checks. Utkarsh SFB continually uses technology and data analytics to manage credit risks and follow a risk-based lending approach. Their Risk Containment Unit ("RCU") ensures that all loan accounts, other than micro-banking loans, are vetted and thoroughly checked prior to any disbursement.

5) Stable growth with cost efficient operational performance

Utkarsh SFB has a comfortable liquidity profile that is backed by shorter tenure micro-banking lending and sufficient liquidity buffer and as of March 31, 2023, their Liquidity Coverage Ratio ("LCR") was 375.82% as against regulatory requirement of maintaining LCR of 90%. They are well above the regulatory



capital requirements, having a SLR, CRR and CAR of 31.53%, 5.33% and 20.64%, respectively, as of March 31, 2023. Their ability to provide their products and services in a cost-efficient manner is among their core strengths and their cost-to-income ratio was the lowest among SFBs with Gross Loan Portfolio of more than ₹ 60 billion. Their cost-efficient operations are attributable to their automation and digitization of various processes including disbursements of loans in the micro-banking business.

6) Leadership complementing the strengths

Bank's promoter, UCL, has a number of institutional investors and the diversified shareholding of their Promoter lends credibility to their business operations. They have a management team comprising of qualified and experienced professionals. Their Managing Director and Chief Executive Officer, Govind Singh, has over 25 years of experience in the banking and financial services sector and in particular the microfinance industry. They are also led by a professional senior management team each of whom have significant experience in the banking and financial services industry. Their group heads of functional groups, such as accounts and finance, operations, technology, compliance, internal audit, risk and human resources, enhance the quality of their management with their specific and extensive industry experience.

Competition

Utkarsh SFB operates in a highly competitive environment and face significant competition from other small finance banks, scheduled commercial banks and NBFCs as well as local moneylenders in rural areas and unorganized, small participants in the market across all its product segments. There are several successful microfinance institutions functioning in India, and it regularly competes with them for business throughout India. Utkarsh SFB seeks to compete with these entities through value added services, faster customer service response, quality of service, a growing interconnected Banking Outlet network, and delivery capabilities based on enhanced technology. The Company's primary competitors include AU Small Finance Bank, Equitas Small Finance Bank, Ujjivan Small Finance Bank, Jana SFB, ESAF SFB, Fincare Small Finance Bank, and Suryoday Small Finance Bank. The Company's competitors in the organized sector may have a better brand recognition, greater business experience, more diversified operations, a greater customer and depositor base, a larger branch network and better access to funding and at lower costs than Utkarsh SFB does. Furthermore, certain requirements that are applicable to small finance banks in terms of the SFB Operating Guidelines and other banking laws and regulations are significantly more stringent in comparison to scheduled commercial banks and NBFCs. Ensuring compliance with these laws and regulations has and will continue to limit its revenue, thereby making it more difficult to compete with other players in the organized sector.

Further, the RBI issued Guidelines for On-Tap Licensing of SFBs in the Private Sector on December 5, 2019, which permits applicants to apply for SFB license to the RBI at any time, subject to fulfilment of certain eligibility criteria and other conditions. Utkarsh SFB anticipates that this will increase competition within small finance banks operating in India, including Utkarsh SFB.

(Source: Red Herring Prospectus)

Comparison with listed peers

The table below sets forth a comparison of the Company with certain of its industry peers as at and for the year March 31, 2023:

Name of the Bank	Consolidated/ Standalone	Total Income (Rs. in Crore)	Face value (Rs.)	EPS (Rs.)		NAV (Rs.)	P/E (x)	P/BV (x)	RoNW (%)
				Basic	Diluted				
Utkarsh Small Finance Bank Limited	Restated	2,804.29	10	4.52	3.69*	22.33 (Pre IPO) 22.82 (Post IPO)	6.78**	1.10	20.22%
Peer group									
Equitas Small Finance Bank Limited	Consolidated	4,831.46	10	4.71	4.67	46.44	20	2.02	11.12%
Ujjivan Small Finance Bank Limited	Consolidated	4,754.19	10	5.88	5.87	20.25	7.18	2.08	27.79%
Credit Access Grameen Limited	Consolidated	3,550.79	10	52.04	51.82	326.89	24.85	3.94	16.18%
Spandana Sphoorty Financial Limited	Consolidated	1,477.03	10	1.74	1.74	436.58	413.91	1.65	0.40%
Bandhan Bank Limited	Consolidated	18,373.25	10	13.62	13.62	121.58	16.35	1.83	11.21%
AU Small Finance Bank Limited	Consolidated	9,239.87	10	21.86	21.74	164.64	35.14	4.64	13.01%
Suryoday Small Finance Bank Limited	Consolidated	1,281.10	10	7.32	7.32	149.28	23.29	1.14	4.90%
Fusion Micro Finance Limited	Consolidated	1,799.97	10	43.29	43.13	230.74	13.91	2.60	16.67%

Source, Red Herring prospectus, P/E, P/BV calculated on closing price of July 11, 2023 at NSE, *Post IPO EPS, **P/E calculated on Post IPO EPS

Bank and Directors

The Bank was incorporated as 'Utkarsh Small Finance Bank Limited' at Varanasi on April 30, 2016 as Utkarsh Coreinvest Ltd ("UCL") the Promoter was granted the RBI In-Principle Approval to establish an SFB on October 7, 2015. The Bank was thereafter granted the RBI Licence to carry on business as an SFB on November 25, 2016 and commenced its business operations on January 23, 2017. UCL (formerly known as Utkarsh Micro Finance Ltd) is the sole Promoter of their Bank. Currently, the Promoter, along with its nominees, holds an aggregate of 759,272,222 Equity Shares, comprising 84.75% of the pre-issue issued, subscribed and paidup Equity Share capital of the Bank.

Brief details of the promoter

Cyient Limited incorporated on August 28, 1991, and currently listed on BSE and NSE is a leading consulting-led, industrycentric, technology solutions company. It enables its customers to apply technology imaginatively across their value chain to solve problems that matter. It is committed to designing tomorrow with its stakeholders and being a culturally inclusive, socially responsible, and environmentally sustainable organization.

Brief Biographies of Directors

Mr. Parveen Kumar Gupta is the part time Non - Executive Chairman and Independent Director of the Bank. Prior to joining the Bank, he was associated with State Bank of India as their managing director (retail & digital banking) till his retirement on superannuation and Bank of Baroda as its senior advisor. He holds a bachelor's degree of commerce from Guru Nanak Dev University. He has been an associate member of The Institute of Company Secretaries of India since 1986. He is also a certified associate of the Indian Institute of Bankers.

Mr. Govind Singh is the Managing Director and Chief Executive Officer of the Bank. He was previously the assistant general manager at ICICI Bank Limited. He was the Managing director and Chief Executive Officer of its promoter - Utkarsh CoreInvest Limited. He has also been associated with Surya Fincap Limited, UTI Bank Limited, Allahabad Bank, State Bank of Patiala and Bank Internasional Indonesia. He holds a bachelor's degree in commerce from Delhi University. He is a certified associate of the Indian Institute of Bankers.



Mr. Kajal Ghose is the Independent Director of the Bank. He previously worked as the chief general manager at State Bank of India, as a consultant with PayU Payments Private Limited and at Stratosphere IT Services Private Limited and Kovid Group Analytics India Private Limited. He holds a bachelor's degree in commerce from Ranchi University and a diploma in human resources development from All India Institute of Management Studies, Chennai. He is a certified associate of the Indian Institute of Bankers.

Ms. Kalpana Prakash Pandey is the Independent Director of the Bank. She has previously served as the managing director and chief executive officer of CRIF High Mark Credit Information Services Pvt Ltd, an RBI licensed credit bureau. Additionally, she has also been associated with IDBI Principal Asset Management Company, State Bank of India and HDFC Bank Limited. She holds a bachelor's degree in science (chemistry, physics and mathematics) and master's degree in science (physics) from Garhwal University, a master's degree in technology (computer science and technology) and a post-graduate diploma in electronics and communication engineering from the University of Roorkee (now known as Indian Institute of Technology, Roorkee).

Mr. Chandra Shekhar Thanvi is the Nominee Director of the Bank, being a nominee of SIDBI on the Board. Prior to joining the Bank, he was associated with Hindustan Zinc Limited. He has been associated with SIDBI since 1994 and is currently their chief general manager (CGM). He holds a bachelor's degree of technology in mining engineering from Banaras Hindu University. He is a certified associate of the Indian Institute of Bankers

Mr. Nagesh Dinkar Pinge is the Independent Director of the Bank. He was previously associated with Tata Motors Limited, JSW Energy Limited, Reliance Retail Limited, ICICI Bank Limited and NKGSB Co-op Bank Limited. He holds a bachelor's degree in law from the University of Mumbai and is a qualified chartered accountant registered with the ICAI.

Mr. Muralidharan Rajamani is the Non-Executive Director of the Bank. He was previously associated with Edelweiss Tokio Life Insurance Co Limited, Leadership Centre Private Limited, ICICI Bank Limited, Dhanlaxmi Bank Limited and L&T Finance Limited. He holds a bachelor's degree in science (mathematics) from the University of Madras and a master's degree in arts (branch III - economics) from the University of Madras. He has completed the management of managers program from Stephen M. Ross School of Business, University of Michigan and is a certified associate of the Indian Institute of Bankers.

Mr. Ajay Kumar Kapur is the Independent Director of the Bank. He was previously associated with Punjab Tractors Ltd, IDBI, India SME Technology Services Limited and SIDBI. He holds a bachelor's degree in engineering (industrial engineering) from University of Roorkee (now known as Indian Institute of Technology, Roorkee).

Key Managerial Personnel

Mr. Muthiah Ganapathy is the Secretary and Compliance Officer of the Bank. He joined the Bank with effect from March 22, 2022. He has experience in the field of secretarial affairs and has previously worked at Aditya Birla Housing Finance Limited, Fortune Financial Services (I) Limited, S. Anantha & Co., Suresh Surana & Associates and Sky Industries Limited. He has been an associate member of The Institute of Company Secretaries of India since 2001 and became a fellow in the year 2008.

Mr. Sarjukumar Pravin Simaria is the Chief Financial Officer of the Bank with effect from October 31, 2022. He has experience in the field of financial management and has previously worked at SUN F&C Asset Management (I) Pvt. Ltd., Edelweiss Tokio Life Insurance Company Limited, Fino Payments Bank Limited, ECL Finance Limited and Edelweiss Financial Services Limited and at Canbank Investment Management Services Ltd., HDFC Asset Management Company Limited, AIG Global Asset Management Company (India) Private Limited and American International Group, Inc.

Key risks and concerns

- 1) Utkarsh SFB is subject to inspections by regulatory authorities, including by the RBI. Non-compliance with RBI inspection/ observations or other regulatory requirements or any adverse observations from such regulators may have a material adverse effect on its business, financial condition, results of operation or cash flows.
- 2) A significant portion of its advances in the microbanking segment are towards customers located in the states of Bihar and Uttar Pradesh. Further, a significant portion of its deposits from such customers are from the states and union territory of Maharashtra, NCT of Delhi, Uttar Pradesh and Haryana. Utkarsh SFB is currently significantly dependent on its microbanking segment, particularly joint liability group ("JLG") loans.
- 3) Utkarsh SFB previous Statutory Auditors have been debarred by the Reserve Bank of India (RBI) from undertaking audit assignments for entities regulated by RBI for a period of two years with effect from April 1, 2022.
- 4) Utkarsh SFB non-convertible debentures are listed on BSE and in the past, there were certain inadvertent delays by Utkarsh SFB in making disclosures and regulatory filings to BSE under the Listing Regulations. Utkarsh SFB have filed settlement applications before Securities and Exchange Board of India (SEBI) under show cause notice issued by SEBI on account of such inadvertent delays.
- 5) Utkarsh SFB have received a show cause notice from SEBI regarding alleged non-compliance of provisions of Companies Act 2013 and erstwhile (SEBI) (Issue and Listing of Debt Securities) Regulations, 2008 relating to public offering of securities which may result in penal actions.



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