

# UTKARSH SMALL FINANCE BANK LIMITED

## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE EXTRA-ORDINARY GENERAL MEETING (EGM) OF THE MEMBERS OF THE COMPANY IS SCHEDULED TO BE HELD ON DECEMBER 28, 2016, AT 4:00 P.M. AT THE REGISTERED OFFICE S-24/1-2, FIRST FLOOR, MAHAVIR NAGAR, ORDERLY BAZAR, NEAR MAHAVIR MANDIR, VARANASI-221002 TO TRANSACT THE FOLLOWING BUSINESS(ES):**

### **SPECIAL BUSINESS:**

- 1) Approval for Increase in Authorized Share Capital from ₹100 Crore to ₹ 330 crore and consequential amendment in the Memorandum of Association of the Company

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

"RESOLVED THAT subject to approval of RBI, Ministry of Corporate Affairs or other Regulatory approval(s), if any, Shareholders' approval be and is hereby given to increase the Authorized Share Capital of the Company from ₹100,00,00,000/- (Rupees One Hundred Crore only) to ₹330,00,00,000 (Rupees Three Hundred Thirty Crore only) consisting of 33,00,00,000 (Thirty Three Crore equity shares) of ₹10/- (Rupees Ten each) by addition of ₹ 230,00,00,000 (Rupees Two Hundred and Thirty Crore) comprising of 23,00,00,000 new equity shares of ₹10/- (Rupees Ten each), each ranking pari passu with the existing equity shares and Clause V of the Memorandum of Association be replaced with the following:

"Clause V: The Share Capital of the Company is ₹330,00,00,000 (Rupees Three Hundred and Thirty Crore only) divided into 33,00,00,000 (Thirty Three Crore equity shares of ₹10/- (Rupees Ten each)."

"RESOLVED FURTHER THAT Mr. Govind Singh, Director or Mr. Abhisheka Kumar, Chief Financial Officer or Mr. Anang Shandilya, Company Secretary be and is hereby severally authorized to do necessary acts, deeds and things with regard to increase in authorized capital of the Company including but not limited to filing of various forms/e-forms with concerned Registrar of Companies, signing/digitally signing the forms/e-forms and completing other regulatory requirement(s) to give effect to this resolution."

- 2) Approval for offer and issue of 20,00,50,000 equity shares of ₹10 each aggregating to ₹200.05 Crore on a private placement basis

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

"RESOLVED THAT pursuant to the provisions of Sections 42 and 62(1)(c) of the Companies Act, 2013 (including any statutory modification(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 or any other authority, the Articles of Association of the Company, the approval of the Shareholders' be and is hereby accorded, for offering, issuing and allotting upto 20,00,50,000 Equity Shares of face value of ₹ 10 (Indian Rupees Ten only) by way of private placement to Utkarsh Micro Finance Limited."

"RESOLVED FURTHER THAT the Offer shall be made to the investors and in the manner recorded herein below:

Security to be offered by the Company	20,00,50,000 Equity Shares of ₹10 each aggregating to 200,05,00,000/- (Rupees Two Hundred Crore and Five Lakh only)
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Sl. No.	Name of the Offeror	Number of Equity Shares	Face Value of Shares	Investment Amount (INR)
1.	Utkarsh Micro Finance Ltd	20,00,50,000 Equity Shares	₹ 10 each	₹ 200,05,00,000/-
		Total	20,00,50,000 Equity Shares of INR 10 Each	₹ 200,05,00,000/-

"RESOLVED FURTHER THAT the draft private placement letter of offer in Form PAS-4 ("Offer Letter") for the issue of the Equity Shares on a preferential basis as placed before the Board, duly initialed by the chairperson for the purpose of identification, be and is hereby approved."

"RESOLVED FURTHER THAT Utkarsh Micro Finance Limited as offeree is entitled to subscribe to the respective Equity Shares offered to them under the Offer."

"RESOLVED FURTHER THAT Mr. Govind Singh, Director, Mr. Abhisheka Kumar, Chief Financial Officer and Mr. Anang Shandilya, Company Secretary be and are hereby authorized to make necessary filings with the statutory authorities, including but not limited to the Registrar of Companies and to take such necessary action as may be required for the purpose of the Offer and to submit all documents to the concerned authorities with respect to the same."

"RESOLVED FURTHER THAT if necessary, the company's common seal be taken out of the registered office of the company beyond the city limits for execution of the aforesaid documents."



**3) Approval for offer and issue of 40,00,00,000 Compulsorily Convertible Debentures (CCDs) of ₹10 each aggregating to ₹400.00 Crore on a private placement basis.**

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

**“RESOLVED THAT** pursuant to the provisions of the Companies Act, 2013 including Section 62 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company, and any other applicable Rules/ Regulations/ Guidelines, if any, prescribed by the Securities and Exchange Board of India, Reserve Bank of India, /or any other statutory / regulatory authority whether in India or abroad and subject to the approval(s), consent(s), permission(s) and/or sanction(s), if any, of the appropriate authorities, institutions or bodies as may be required and subject to such conditions as may be prescribed by any of them while granting any such approval(s), consent(s), permission(s), and/or sanction(s), and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the Shareholders be and is hereby accord its approval to create, offer, issue and allot, from time to time and in one or more tranches upto 40,00,00,000 Compulsorily Convertible Debentures (CCDs) to Utkarsh Micro Finance Limited, by way of a Preferential Issue, through offer letter and/or circular and/or information memorandum and/or private placement memorandum and/or such other documents / writings including manner and terms and conditions as may be determined by the Board in its absolute discretion, provided that each such CCDs shall be converted into one Equity Share of the face value of ₹10/- each of the Company (the “Equity Share”), at a minimum price of ₹10 per Equity Share or such other higher price as may be arrived at in accordance with the extant applicable guideline(s), if any, on the following terms and conditions:

- i. The above CCDs shall be unsecured;
- ii. The CCD shall rank lower than subordinated debt.
- iii. The CCD Shall be converted into Equity Shares within a period of 10 years from the date of issue any time prior to that as per the request of debenture holder(s).
- iv. The CCDs holders shall also be entitled to any future bonus /right issues of Equity Shares or other securities convertible into Equity Shares by the Company in the same proportion and manner as any other shareholders of the Company for the time being.
- v. The new Equity Shares issued on conversion of CCDs shall rank pari passu in all respects with the existing issued and subscribed Equity Shares of the Company including as to dividend. These Equity Shares will be listed on the stock exchanges where Equity Shares of the Company are listed.
- vi. CCDs would be issued at a coupon rate of 0.01%



**"RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution the Board of directors be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable and expedient for such purpose, including without limitation, to issue and allot Equity Shares upon conversion of CCDs, issuing certificates / clarifications, effecting any modifications or changes to the foregoing (including modification to the terms of the issue), entering into contracts, arrangements, agreements, documents (including for appointment of agencies, intermediaries and advisors for the issue), in connection therewith and incidental thereto as the Board in its absolute discretion deem fit without being required to seek any fresh approval of the shareholders of the Company and to settle any questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the CCDs and Equity Shares and utilization of proceeds of the CCDs, take all other steps which may be incidental, consequential, relevant or ancillary in this connection and that the decisions of the Board shall be final, binding and conclusive in all respects.

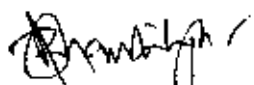
**"RESOLVED FURTHER THAT** Mr. Govind Singh, Director or Mr. Abhisheka Kumar, Chief Financial Officer or Mr. Anang Shandilya, Company Secretary be and is hereby severally authorized to make necessary filings with the statutory authorities, including but not limited to the Registrar of Companies and to take such necessary action as may be required for the purpose of the Offer and to submit all documents to the concerned authorities with respect to the same and to do all such acts, deeds, matters and things as also to execute such documents, writing, etc. as may be necessary to give effect to the aforesaid Resolution."

**"RESOLVED FURTHER THAT** the draft private placement letter of offer in Form PAS-4 ("Offer Letter") for the issue of the Equity Shares on a preferential basis as placed before the Board, duly initialed by the chairperson for the purpose of identification, be and is hereby approved."

**"RESOLVED FURTHER THAT** Utkarsh Micro Finance Limited as offeree is entitled to subscribe to the respective Compulsory Convertible Debentures offered to them under the Offer."

Registered office: S-24/1-2,  
First Floor Mahavir Nagar  
Orderly Bazar near Mahavir  
Mandir Varanasi-221002

By Order of the Board  
for Utkarsh Small Finance Bank Limited

  
Mr. Anang Kr. Shandilya  
Company Secretary

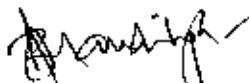
Place: Varanasi  
Date: Dec 26, 2016



NOTES:

- 1) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts relating to the Special Business to be transacted at the Extraordinary General Meeting ("EGM") is annexed hereto.
- 2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE EGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMEBR OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the Company voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder. The instrument appointing the proxy in order to be effective, should be deposited at the registered office of the Company, duly completed and signed, not less than 48 hours before commencement of the EGM. A proxy form is being sent herewith.
- 3) Corporate members intending to send their authorised representatives to attend the EGM are requested to send to the Company a certified true copy of their board resolution authorising their representatives to attend and vote on their behalf at the EGM.
- 4) Only registered members of the Company or any proxy appointed by such registered members may attend the EGM as provided under the provisions of the Companies Act, 2013.
- 5) Members / proxies are requested to bring their duly filled attendance slip sent herewith at the EGM.
- 6) Relevant documents referred to in the accompanying notice and the explanatory statement are open for inspection by the members at the registered office of the Company during the office hours on all working days except Saturdays between 11.00 a.m. to 1.00 p.m. up to the date of the EGM.
- 7) Shareholders shall have one vote per share as shown against their holding. The shareholders can vote for their entire voting rights as per their discretion.
- 8) Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive any communication from the Company electronically.

By Order of the Board  
for Utkarsh Small Finance Bank Limited

  
Anang Kr Shandilya  
Company Secretary



Date: Dec 26, 2016  
Place: Varanasi

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (2) OF THE  
COMPANIES ACT, 2013**

**Item No. 1**

**Explanatory Statement under Section 102 of the Companies Act, 2013**

Utkarsh Micro Finance Limited the holding company (UMFL) has planned to infuse certain amount in the form of equity and CCD in your company as per approval of the Board of Utkarsh Micro Finance Limited in their last meeting held on November 07, 2016. to facilitate the above infusion of capital, it has been proposed to increase the authorized capital of the Company from existing ₹100 Crore to ₹330 crore. Once Authorized Capital is increased, the Company may issue further equity shares as and when considered necessary. It is to be approved by the Board of Directors subject to approval by the members of the Company under Section 61 of the Companies Act, 2013.

It is further informed to the Shareholders that the Authorized share Capital of the company be increased to ₹330,00,00,000 (Rupees Three Hundred and Thirty Crore only) by addition of equity capital of ₹230 crore (Rupees Two Hundred and Thirty Crore only) comprising of 23,00,00,000 new equity shares of ₹10/- (Rupees Ten each). This increase in authorized capital will require consequent amendment in the Capital Clause of the Memorandum of Association of the Company. In terms of section 61 of the Companies Act, 2013 any change in Capital structure needs to be approved by the Board, followed by approval by shareholders.

**Item No.2 & 3**

Utkarsh Micro Finance Limited (holding company) (UMFL) has shown its intent to invest ₹ 200.05 crore in the form of equity and ₹400 Crore in the form of CCDs. Accordingly, the Company is proposing to offer and issue 20,00,05,000 equity shares of ₹10 each to UMFL by issue of equity of ₹200,05,00,000 (Rupees Two Hundred Crore and Five Lac only) comprising of 20,00,50,000 (Twenty Crore and Fifty Thousand) new equity shares of ₹10/- (Rupees ten) each and 40 Crore CCDs of ₹10/- (Rupees ten) each aggregating to ₹400 Crore.

1) The objects of preferential issue: For the purpose of having operating capital with your company in the form of Equity & CCDs for starting the operations of Small Finance Bank and funding the proposed expansion of various operational activities of the company.

2) The proposal of Promoters/Directors or Key Management Personnel to subscribe to the offer: Utkarsh Micro Finance Limited has proposed to subscribe Equity & CCDs under the preferential issue. The letter of intent from the aforesaid proposed allottee, agreeing to subscribe to the offer has been received.



3) The shareholding pattern before and after the preferential issue:

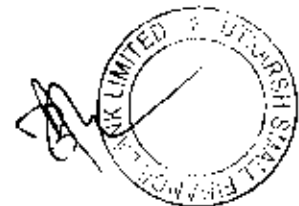
S. No.	Category	Pre-Issue		Post-Issue	
		No. of shares held	% of shareholding	No. of shares held	% of shareholding
A	<b>Promoters' holding</b>				
	1 Indian				
	Individual	49,000	0.05%	49,000	0.02%
	Bodies Corporate	9,99,51,000	99.95%	30,00,01,000	99.98%
	Sub Total	10,00,00,000	100.00%	30,00,50,000	100.00%
2	Foreign Promoters				
	Total (A)				
B	<b>Non-Promoters' holding :</b>				
	1 Institutional Investors	NIL	NIL	NIL	NIL
2	Non-Institution :	NIL			
	Private Corporate Bodies	Nil	Nil	Nil	Nil
	Directors and Relatives	Nil	Nil	Nil	Nil
	Indian Public	Nil	Nil	Nil	Nil
	Others (Including NRIs & foreign entities)	Nil			
	Total (B)				
	<b>GRAND TOTAL (A+B)</b>	<b>10,00,00,000</b>	<b>100</b>	<b>30,00,50,000</b>	<b>100</b>

4) The proposed time within which the preferential issue shall be completed :

12 Month

5) Particulars of proposed allottees and identity of natural person who are the ultimate beneficial owner of CCDs proposed to be allotted and/or who ultimately control the proposed allottee, the percentage of the post preferential issue capital that may be held by them and the changes in control, if any, in the issuer consequent to the preferential issue :

Equity & CCDs shall be allotted to Utkarsh Micro Finance Limited. There will be no change in the control or composition of Board of Directors of the Company consequent to the said preferential issue.



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

₹10 per equity Share & ₹10 per CCD.

7. **Basis on which the price has been arrived:**

The Equity Share Issue Price is based on the valuation report dated September 26, 2016 ("Valuation Report") submitted by Tipsons Consultancy Services, private Limited, a SEBI ,Registered Category (I) merchant Banker.

8. **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.

9. **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:**

99950000 Equity Share of Rs 10 each issued to Utkarsh Micro Finance Limited at a price of Rs. 10 each

10. **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.

11. **None of the Directors or key managerial personnel or any relative of any of the Directors of the Company or the relatives of any key managerial personnel is, in anyway, concerned or interested in the above resolution except to the extent of their respective holding(s) in the Company.**

By Order of the Board  
for Utkarsh Small Finance Bank Limited

  
Anang Kr Shandilya  
Company Secretary

Date: Dec 26, 2016  
Place: Varanasi

