



EQUITAS SMALL FINANCE BANK LIMITED

CIN: U65191TN1993PLC025280

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E-mail: cs@equitasbank.com Website: www.equitasbank.com

Dear Member(s),

POSTAL BALLOT NOTICE

NOTICE is hereby given pursuant to Section 110 of the Companies Act, 2013 ("the Act") and other applicable provisions of the Act, read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), relevant provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Secretarial Standard – 2 (SS-2) on General Meetings and any other applicable laws and regulations, the resolutions appended below are proposed to be passed by members of Equitas Small Finance Bank limited ("the Company" or "the Bank") through postal ballot ("Postal ballot") /electronic voting ("e-voting").

SPECIAL BUSINESS

Item No. 1 – To Ratify the "ESFB EMPLOYEES STOCK OPTION SCHEME, 2019"

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

"RESOLVED THAT in furtherance of and supplement to the Special Resolution passed by the Extra-Ordinary General Meeting of the Company held on January 31, 2019 and amended on November 22, 2019, pursuant to the Section 62(1)(b) and other applicable provisions of the Companies Act, 2013 ("**the Act**"), read with applicable rules, circulars, notifications issued thereunder including any statutory modification(s) or re-enactment(s) thereof for time being in force), applicable provisions of Banking Regulation Act, 1949, if any, applicable guidelines issued by Reserve Bank of India ("**RBI**"), if any, provisions contained in the Memorandum of Association ("**MOA**") and the Articles of Association ("**AOA**") of the Bank, the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("**SEBI SBEB Regulations**"), as amended from time to time and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Bank (hereinafter referred to as the "**Board**" which term shall be deemed to include any Board Committee, including the Nomination & Remuneration Committee, which the Board has constituted to exercise its powers, including the powers, conferred by this resolution read with Regulation 5 of SEBI SBEB Regulations) based on the recommendation of the Nomination & Remuneration Committee, "ESFB Employees Stock Option Scheme 2019" ("**ESOP 2019**"), as approved by the shareholders of the Company in the Extra-ordinary General Meeting held on November 22, 2019, prior to Initial Public Offering (IPO) of shares of the Company, be and is hereby ratified within the meaning of Regulation 12 of SEBI SBEB Regulations and the consent of the Company be and is hereby accorded to create, grant, offer, issue, vest and allot from time to time, in one or more tranches to the eligible employees of the Bank, as defined under the ESOP 2019 and to such other persons as may from time to time be allowed to be eligible for the benefits of the employee stock option plan under applicable laws and regulations prevailing from time to time, under ESOP 2019, as may be decided by the Board, such number of options which shall not exceed 11,00,00,000 exercisable into equity shares not exceeding 11,00,00,000 equity shares of the

company (or such adjusted numbers from any bonus, stock splits, or consolidation or other re-organisation of the capital structure of the Company, as may be applicable, from time to time), subject to such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of applicable laws including SEBI SBEB Regulations, the Act and provisions of the ESOP 2019.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make any modifications or revisions to ESOP 2019 as it may deem fit, from time to time, provided that the same is in conformity with the Act, as amended, the Companies (Share Capital and Debenture) Rules, 2014, as amended, SEBI SBEB Regulations, as amended, the Memorandum and Articles of Association of the Bank and any other applicable laws, rules and regulations thereunder.

RESOLVED FURTHER THAT the Board is hereby authorized to issue and allot equity shares upon exercise of options from time to time in accordance with the ESOP 2019 and such equity shares shall rank *pari passu* with all other Shares of same class issued by the Bank after the date of allotment.

RESOLVED FURTHER THAT MD & CEO and CFO be and are hereby severally authorized to finalise, sign and execute any document, deed, agreement, letter or any such writing on behalf of the Bank and do all such acts deeds and things (including filings with Registrar of Companies and Reserve Bank of India and updating the Bank's Register of Members) as may be necessary and/or expedient in the interest of the Bank in order to give effect to the above resolution.

Item No. 2 – To ratify the resolutions passed for grant of options to employees of the Holding Company under the “ESFB EMPLOYEES STOCK OPTION SCHEME, 2019”

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

“RESOLVED THAT in furtherance of and supplement to the Special Resolution passed by the Extra-Ordinary General Meeting of the Company held on January 31, 2019 and amended on November 22, 2019, pursuant to all applicable provisions of the Companies Act, 2013 and subject to SEBI SBEB Regulations, including the relevant circulars and notifications, if any, issued by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**“SEBI SBEB Regulations”**) from time to time and the memorandum of association and articles of association of the Bank, and in ratification of the earlier resolutions passed by the shareholders of the company in the Extra-ordinary General Meeting held on November 22, 2019, prior to Initial Public Offering (**“IPO”**) of shares of the Company, within the meaning of Regulation 12 of SEBI SBEB regulations, the consent of the Company be and is hereby accorded to grant, issue, offer and allot, from time to time, employee stock options, in one or more tranches, exercisable into equivalent number of equity shares of the Bank under the ESFB Employees Stock Option Scheme, 2019 (**“ESOP 2019”**) to the present and future, permanent Employees (as defined in ESOP 2019) of the Holding Company of the Bank, i.e Equitas Holdings Limited, on such terms and conditions as the Board may determine from time to time.”

**By Order of the Board
For Equitas Small Finance Bank Limited**

Place: Chennai
Date: December 26, 2020

SampathKumar KR
Company Secretary
Membership No A27466

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item Nos 1 & 2

Pursuant to recommendation of the Board, shareholders of the Bank in the Extraordinary Meeting held on November 22, 2019 had approved amendment of the ESFB Employees Stock Option Scheme, 2019, ("ESOP 2019"), salient features of which are provided in the latter part of this section.

The aggregate number of options that can be granted under ESOP 2019 is 11,00,00,000, each option convertible into one equity share of the Bank.

Details of grant, exercise and lapsing of options as at December 25, 2020 on a cumulative basis as are below:

Options granted	4,52,09,088
Options lapsed/ expired	48,23,294
Options exercised	Nil
Options outstanding	4,03,85,794

The then shareholders of the Bank approved the ESOP 2019 on November 22, 2019, prior to listing of shares of the Bank with effect from November 2, 2020. Accordingly, it is required to get ESOP 2019 ratified by shareholders of the Bank under Regulation 12 of SEBI (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations").

Hence, the said Scheme is referred to shareholders for ratification under Regulation 12 and other applicable provisions of SEBI SBEB Regulations. The ESOP 2019 is in conformity with the SEBI SBEB Regulations and the Bank has not made any fresh grant of options to employees after listing of shares of the Bank.

Details and particulars of the Scheme as required under Section 62(1)(b) of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debenture) Rules, 2014 and SEBI circular no. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 are as follows:

Sl. No.	Requirement	Disclosure
a.	The total number of options to be granted	11,00,00,000 (Eleven crore only)
b.	Identification of classes of employees entitled to participate in ESFB Employees Stock Option Scheme, 2019	Present and future, permanent employees of the Bank as well as that of the holding company, Equitas Holdings Limited, who qualify for the issue of Options under the Scheme and who fulfill the conditions as may be decided by the Nomination & Remuneration Committee (NRC) from time to time.
c.	The appraisal process for determining the eligibility of employees for the ESFB Employees Stock Option Scheme, 2019	NRC shall be entitled to make the granting or vesting of any or all of the Options granted to an eligible employee conditional upon the fulfilment of such performance criteria whether of the employee and/or any team or group of which he is a part and/or of the Company, as may be determined by the management from time to time or such other conditions as may be deemed fit by NRC.
d.	The requirements of vesting and period of vesting	The vesting shall commence any time after the expiry of one year from the date of the grant of the Options to the eligible employee and could, as may be determined by the NRC from time to time, extend up to six years from the date of the grant of the Options. The Options could vest in tranches.
e.	The maximum period within which the options shall be vested	Covered in point (d) above

Sl. No.	Requirement	Disclosure
f.	The exercise price or the formula for arriving at the same	Each Option issued by the Company to the eligible employees, would be eligible for allotment of one Equity Share of the Company on payment of the Exercise Price. The Exercise Price shall be as determined by the NRC from time to time and subject to such regulations as may be applicable from time to time.
g.	The exercise period and process of exercise	As detailed in the ESOP 2019
h.	The lock-in period, if any	Nil
i.	The maximum number of options to be granted per employee and in aggregate	The maximum number of options to be granted to each employee will depend upon the designation of the employee as on the date of grant of options.
j.	The maximum quantum of benefits to be provided per employee	The maximum quantum of benefits to be provided to each employee will depend upon the designation of the employee as on the date of grant of options.
k.	ESFB Employee Stock Option Scheme 2019 involves new issue of shares by the Bank or secondary acquisition by the trust or both	New issue of shares by the Bank
l.	the method which the Bank shall use to value its options	The Bank shall value its option at fair value or such other method as permitted by accounting standards in force from time to time.
m.	the conditions under which option vested in employees may lapse e.g. in case of termination of employment for misconduct	In the event of termination of employment for reasons of non-compliance with the Code of Conduct laid down by the Bank from time to time, all Options including those, which are vested but not exercised at the time of termination of employment, shall expire and stand terminated with effect from the date of such termination
n.	The specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee	Covered in point (g) and (m) above

The Bank shall comply with the applicable accounting standards as specified in Regulation 15 of the SEBI SBEB Regulations.

The Board recommends the resolutions set out at Item Nos. 1 and 2 of the accompanying notice for approval of the Members by way of Special Resolution.

Interest of Directors and KMP:

None of the directors, key managerial personnel, of the Bank or the relatives of the aforementioned persons are interested in the said resolution, except to the extent of the shares allotted/options granted to them under the ESOP 2019.

**By Order of the Board
For Equitas Small Finance Bank Limited**

SampathKumar KR
Company Secretary
Membership No A27466

Place: Chennai
Date: December 26, 2020

NOTES

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (“the Act”) read with Rules made thereunder, setting out material facts concerning the Resolutions, is annexed hereto.
2. The Notice of Postal Ballot along with Postal Ballot Form is being sent to the Members whose names appear in the Register of Members as on December 25, 2020, so as to enable Members for sending their assent or dissent in writing by postal ballot.
3. The Board of Directors vide its resolution on December 26, 2020 has appointed Dr. B.Ravi, Practising Company Secretary (Membership No. FCS1810, CP No.3318) to act as the Scrutinizer for conducting the postal ballot and e-voting process in a fair and transparent manner.
4. All documents referred to in this Notice and the Explanatory Statement are open for inspection by the Members at the Registered Office of the Company on all working days between 11.00 A.M. and 01.00 P.M. from the date of dispatch of this notice until the last date for receipt of votes by postal ballot/remote e-voting. All these documents would also be available for inspection electronically in the website of the Bank during the aforesaid period.
5. All correspondence related to change of address, change in e-mail ID already registered with the Company, transfer / transmission of shares, issue of duplicate share certificates, bank mandates and all other matters relating to the shareholding in the Company may be made to M/s. KFin Technologies Private Ltd., the Registrar and Share Transfer Agent (“RTA/KFin”). The Members holding shares in electronic form may send such communication to their respective Depository Participant/s (DPs).
- 6. As an eco-friendly measure intending to benefit the society at large, we request you to be part of e-initiatives of the Company and register your e-mail ID to receive all communications and documents including Annual Reports from time to time in electronic form to the e-mail ID provided by you. Members holding shares in electronic form, may send such communication to their respective DPs and those holding shares in physical form, may send such communication to KFin.**
7. In accordance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and Section 108 of the Act and the Rules made thereunder, the Company has engaged National Securities Depository limited (“NSDL”) as the agency for facilitating the Members to communicate their assent or dissent through Electronic Means in respect of the aforesaid resolutions. The detailed procedure for Voting through electronic means (“e-voting”) is appended in the Notes to Notice. The e-voting shall commence at 9.00 A.M. on January 09, 2021.
8. As per Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, Notice of Postal Ballot may be served on the Members through electronic means. Members who have registered e-mail IDs are being sent this Notice of Postal Ballot by e-mail. For Members whose email IDs are not registered, physical copies of the Postal Ballot notice are being sent by Registered Post.
9. Postal Ballot Notice can be downloaded from the Bank’s website i.e. www.equitasbank.com
10. Resolutions passed by the Members through Postal Ballot are deemed to have been passed as if they have been passed at a General Meeting of the Members.
11. A member desiring to vote by postal ballot is requested to read the instructions for Postal Ballot carefully and return the Postal Ballot Form duly completed in the attached self-addressed postage pre-paid envelope so as to reach the scrutinizer before 5.00 p.m. on Monday, February 08, 2021. In case a Member wants a duplicate postal ballot form or has any queries or grievances regarding e-voting/postal ballot, he or she may send an e-mail to cs@equitasbank.com / Company shall forward the Postal Ballot Form along with a self-addressed postage pre-paid Business Reply Envelope to the Member.
12. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Members as on and a person who is not a Member as on the record date should treat this Notice for information purposes only.
13. Information as required under SEBI Listing Regulations in respect of the special business forming part of the Notice of Postal Ballot is furnished in the annexed Explanatory Statement and forms part of the Notice.

14. The Members can opt for only one mode of voting, i.e. by physical ballot or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through physical ballot forms will be treated as invalid.
15. Where postal ballot form is signed by an authorized representative of a body corporate, a certified copy of relevant authorization / resolution should accompany the postal ballot form.
16. The Scrutiniser's decision on the validity of the vote shall be final.
17. Once the vote on a resolution stated in this Notice is cast by shareholder through Remote e-voting, the shareholder shall not be allowed to change it subsequently and such e-vote shall be treated as final.
18. The Scrutinizer will submit his report to the Chairman/Director after the completion of scrutiny, and the Results will be declared by the Company within 48 hours of the closing of e-voting period on its website <https://www.equitasbank.com> and communicated to the Stock Exchanges, where the shares of the Company are listed.

VOTING THROUGH ELECTRONIC MEANS – INSTRUCTIONS

I. Remote e-voting:

The e-voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
January 09, 2021 at 9.00 A.M. IST	February 08, 2021 at 5.00 P.M. IST

Pursuant to the provisions of Section 108 of the Companies Act, 2013 ("the Act") read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and SEBI Listing Regulations as amended from time to time, the Company is pleased to offer e-voting facility to Members to exercise their votes electronically on all resolutions set forth in the Notice of postal ballot scheduled to be commenced on Saturday, January 09, 2021 and ends on Monday, February 08, 2021. The Company has engaged the services of National Securities Depository limited ("NSDL") to provide e-voting facility to enable Members to provide their votes in a secure manner. Dr. B Ravi, Practicing Company Secretary has been appointed as the scrutinizer for conducting the e-voting and the postal ballot process in a fair and transparent manner. In terms of the requirements of the Act and the rules made thereunder, the Company has fixed Friday, December 25, 2020 as the cut-off date. The voting rights of the Members / beneficial owners shall be reckoned based on the equity shares held by them as on cut-off date, i.e., December 25, 2020. During the e-voting period, the Members of the Company, holding shares either in physical form or in electronic form, as on the cut-off date of December 25, 2020, are entitled to avail the facility to cast their vote through e-voting. The e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by NSDL upon expiry of the aforesaid period. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently or cast the vote again.

The instructions for Members voting electronically are as mentioned below:

(A) For Members receiving email from NSDL (for Members whose email IDs are registered with the Company / Depository Participants which includes details of E-Voting Event Number (EVEN), User ID and Password):

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID ForexampleifyourBeneficiaryIDis12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on **"Forgot User Details/Password"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) **"Physical User Reset Password"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL. OTP will be sent to your registered email address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

- After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- Select "EVEN" of company for which you wish to cast your vote.
- Now you are ready for e-Voting as the Voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

(B) Members holding shares in electronic form whose e-mail IDs are not registered with the Company/ DPs [i.e., Members holding shares in physical form as well as those Members who have received physical copy of the Postal Ballot Notice]:

- i. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to cs@equitasbank.com.
- ii. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to cs@equitasbank.com.

II. Other Instructions:

- a. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer by e-mail to bravics@gmail.com with a copy marked to evoting@nsdl.co.in
- b. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com to reset the password.
- c. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in
- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e., Friday, December 25, 2020.