

SCHEME OF AMALGAMATION

BETWEEN

EQUITAS HOLDINGS LIMITED ("TRANSFEROR COMPANY")

AND

EQUITAS SMALL FINANCE BANK LIMITED ("TRANFEREE COMPANY")

AND

THEIR RESPECTIVE SHAREHOLDERS

(Under the provisions of Section 230 to 232 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder)

This Scheme of amalgamation is presented for amalgamation of Equitas Holdings Limited with Equitas Small Finance Bank Limited and for matters incidental and ancillary thereto.

PARTS OF THE SCHEME

The Scheme is divided into the following parts:

- 1) **Part I** deals with Preamble and Share Capital.
- 2) **Part II** deals with Definitions.
- 3) **Part III** deals with rationale for the Scheme.
- 4) **Part IV** deals with operation of the Scheme of Amalgamation.
- 5) **Part V** deals with the General Terms and Conditions.

PART I – PREAMBLE AND SHARE CAPITAL

1. PREAMBLE AND SHARE CAPITAL

- 1.1 **Equitas Holdings Limited** (hereinafter referred to as "EHL" or "Transferor Company" or "Transferor") was originally incorporated as UPDB Micro Finance Private Limited on June 22, 2007 at Chennai as a private limited company under the Companies Act, 1956. Pursuant to a special resolution passed by its shareholders on December 17, 2007, the name of EHL was changed to Equitas Micro Finance India Private Limited to convey the principle of fairness and transparency, and a fresh certificate of incorporation consequent to change of name was issued by the Registrar of Companies on February 01, 2008. The microfinance business of EHL was demerged into Singhivi Investment and Finance Private Limited ("**Singhivi**") pursuant to a scheme of demerger with effect from April 01, 2011. Singhivi was subsequently renamed as Equitas Micro Finance Private Limited. Pursuant to the scheme of demerger, a resolution was passed by EHL's shareholders on January 30, 2012 and the name was changed to Equitas Holdings Private Limited and a fresh certificate of incorporation consequent to change of name was issued by the Registrar of Companies on February 29, 2012. Pursuant to an order issued by the RBI on December 03, 2012, EHL was designated as a Non-systemically Important Core Investment

For Equitas Holdings Limited

R. Srinathy
Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.

K. J. H. S.
Company Secretary

Company and pursuant to the request made by EHL, the certificate of registration dated March 13, 2008 granted to EHL as a non-banking finance company under Section 45-IA of the Reserve Bank of India Act, 1934 was cancelled. Thereafter, pursuant to a special resolution passed by EHL's shareholders on June 12, 2015, EHL was converted into a public limited company and the name was changed to Equitas Holdings Limited. The Registrar of Companies issued a fresh certificate of incorporation consequent to change of name on June 18, 2015. EHL made an initial public offer of its shares pursuant to which its shares were listed on the BSE and the NSE with effect from April 21, 2016. The Corporate Identity Number of EHL is L65100TN2007PLC064069. The registered office of EHL is located at 410A, 4th Floor, Spencer Plaza, Phase II, No. 769, Mount Road, Anna Salai, Chennai 600 002. Subsequent to initial public offer and to meet the licensing requirements for setting up a small finance bank, EHL was registered with the RBI as a non-deposit taking Systemically Important Core Investment Company vide certificate number N-07.00822 dated September 1, 2016.

- 1.2 **Equitas Small Finance Bank Limited** (hereinafter referred to as "ESFBL" or "Transferee Company" or "Transferee") was originally incorporated on June 21, 1993 under the Companies Act, 1956 as "V.A.P Finance Private Limited". The status of ESFBL was changed from a private company to a public limited company on March 02, 1994. Subsequently, the status was again changed from a public company to a private limited company and a fresh certificate of incorporation was issued dated March 30, 2011. The name of ESFBL was changed to 'Equitas Finance Private Limited' pursuant to a fresh certificate of incorporation dated August 12, 2011. The status of ESFBL was then finally converted into a public limited company and consequently its name was changed to "Equitas Finance Limited" in terms of a revised certificate of incorporation dated September 29, 2015. Equitas Micro Finance Limited and Equitas Housing Finance Limited were merged into ESFBL vide a scheme of amalgamation under Section 391 to 394 of the Companies Act, 1956 approved by the Hon'ble High Court of Judicature at Madras by order dated June 06, 2016 in Company Petition Nos. 119 to 121 of 2016. The name of ESFBL was changed to its current name of "Equitas Small Finance Bank Limited" in terms of a revised certificate of incorporation dated September 02, 2016. The Corporate Identity Number of ESFBL is L65191TN1993PLC025280. The registered office of ESFBL is located at, 4th Floor, Phase II, Spencer Plaza, No. 769, Mount Road, Anna Salai, Chennai - 600 002.
- 1.3 Pursuant to the small finance bank license dated June 30, 2016, received by ESFBL from the RBI, ESFBL is operating as a small finance bank engaged in retail banking business with focus on micro-finance, commercial vehicle finance, home finance, loan against-property finance, corporate finance, and providing financing solutions for individuals and micro and small enterprises (MSEs) that are underserved by formal financing channels while providing a comprehensive banking and digital platform for all.
- 1.4 The authorized, issued, subscribed and paid-up capital of EHL as on December 31, 2021 is as follows:

Particulars	Amount (Rs in Lakhs)
Authorized Share Capital	
44,00,00,000 equity shares of INR. 10/- each	44,000.00
1,00,00,000 compulsorily convertible preference shares of INR 10/- each	1,000.00
Total	45,000.00
Issued, subscribed and paid-up share capital	

For Equitas Holdings Limited

R. Srinath
Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.

[Signature]
Company Secretary

341790115 equity shares of INR. 10/- each	34,179.01
Total	

Subsequent to December 31, 2021, there has been no change in the capital structure of EHL. EHL has outstanding employee stock options under the EHL ESOP Scheme, the exercise of which may result in further increase in the issued and paid-up share capital of EHL.

- 1.5 The equity shares of EHL are listed on the BSE (Stock Code: 539844) and the NSE (Stock Code: EQUITAS).
- 1.6 The authorized, issued, subscribed and paid-up capital of ESFBL as on March 21, 2022 is as follows:

Particulars	Amount (Rs in Lakhs)
Authorized Share Capital	
170,00,00,000 equity shares of INR. 10/- each	1,70,000.00
Total	
Issued, subscribed and paid-up Share Capital	
125,20,27,655 equity shares of INR. 10/- each	1,25,202.77
Total	

ESFBL has outstanding employee stock options under the ESFB ESOP Scheme, the exercise of which may result in further increase in the issued and paid-up share capital of ESFBL.

- 1.7 The equity shares of ESFBL are listed on the BSE (Stock Code: 543243) and the NSE (Stock Code: EQUITASBNK) on 2 November 2020 pursuant to Initial Public Offering.
- 1.8 EHL holds 74.59% of the equity shares of ESFBL as on March 21, 2022. Consequently, ESFBL is a subsidiary of EHL. EHL is the promoter of ESFBL as defined in Regulation 2(1)(oo) of the SEBI ICDR and also in accordance with the RBI guidelines for Licensing of 'Small Finance Banks' in the Private Sector dated November 27, 2014.
- 1.9 EHL and ESFBL are not subject to any investigation or proceedings under the Companies Act, 1956 or the Companies Act, 2013. Further, there exist no adverse comments or qualifications in the auditors' report issued under the Companies Act, 2013 for the financial year ended March 31, 2021 for EHL and ESFBL.
- 1.10 As per the conditions laid down in the small finance bank license issued by RBI and the Guidelines for Licensing of 'Small Finance Banks' in the Private Sector dated November 27, 2014 ("SFB Licensing Guidelines"), the promoter's shareholding in small finance bank has to be reduced to 40% within a period of 5 years from the date of commencement of business. Accordingly, EHL, as the promoter of ESFBL, is required to reduce its stake to 40% (forty percent) in ESFBL within a period of 5 (five) years from the date of commencement of business of the bank (i.e., before September 04, 2021).
- 1.11 The SFB Licensing Guidelines read with Clarification issued by RBI on January 1, 2015 to the queries on SFB Licensing Guidelines ("RBI Clarification"), permits a promoter to exit or to cease to be a promoter after lock-in period of five years, depending on the RBI's regulatory and supervisory comfort and SEBI Regulations in this regard at that time. The RBI also issued guidelines for on-tap Licensing of Small Finance Banks in Private Sector

For Equitas Holdings Limited

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Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.

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Company Secretary

according to which a promoter can exit from the Small Finance Bank after completing the lock in period of five years with the approval from Reserve Bank of India.

- 1.12 EHL is widely held and has no "promoter" (as such term is defined in Regulation 2(1)(oo) of the SEBI ICDR).
- 1.13 In accordance with the SFB Licensing Guidelines read with RBI Clarification, this Scheme of Amalgamation contemplates amalgamation of EHL with ESFBL and issue of shares of ESFBL to the shareholders of EHL as of the Record Date in the manner set out in the Scheme in order to comply with the above directives of the RBI in a manner that is in the best interests of all stakeholders of EHL and ESFBL.

PART II – DEFINITIONS

2. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following capitalized terms shall have the meanings as provided herein:

- 2.1 "**Act**" or "**the Act**" means the Companies Act, 2013 and rules made thereunder and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force.
- 2.2 "**Applicable Laws**" means any statute, notifications, bye laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Appropriate Authority including any statutory modification or re-enactment thereof for the time being in force.
- 2.3 "**Appointed Date**" means the Effective Date or such other date as determined by the Board of ESFBL to comply with the approvals/ directions from the Appropriate Authority or such other date as NCLT may direct.
- 2.4 "**Appropriate Authority**" means and includes any applicable governmental, statutory, departmental or public body or authority, including the Central Government, Registrar of Companies, NCLT, RBI, the Stock Exchanges and SEBI.
- 2.5 "**BR Act**" means the Banking Regulation Act, 1949, and includes all rules, regulations and circulars issued by the RBI thereunder.
- 2.6 "**BSE**" means BSE Limited.
- 2.7 "**Central Government**" means the Regional Director, Southern Region, in the Ministry of Corporate Affairs, Government of India.
- 2.8 "**Effective Date**" means the last of the dates on which the authenticated copy or certified copy of the order of the NCLT sanctioning this Scheme is filed with the Registrar of Companies, Chennai, Tamil Nadu by EHL or ESFBL. Any reference in the Scheme to "On the Scheme becoming effective" or "Upon the Scheme becoming effective" or "Effectiveness of the Scheme" shall refer to the "Effective Date".

For Equitas Holdings Limited

R. Srinathy

Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.

[Signature]

Company Secretary

- 2.9 **"EHL Board of Directors" or "EHL Board"** means the Board of Directors or any committee thereof of EHL, as the context requires.
- 2.10 **"Eligible Employees"** means the employees of the Transferor Company who are entitled to EHL ESOP Scheme formulated by the Transferor Company, to whom, as on the Effective Date, options of the Transferor Company have been granted, irrespective of whether the same are vested or not;
- 2.11 **"ESFBL Board of Directors" or "ESFBL Board"** means the Board of Directors or any committee thereof of ESFBL, as the context requires.
- 2.12 **"EHL ESOP Scheme"** has the meaning ascribed to it in Clause 12.1 of Part IV of this Scheme.
- 2.13 **"ESFBL Shares"** represents fully paid-up equity shares of ESFBL to be issued by ESFBL to the shareholders of EHL in accordance with this Scheme.
- 2.14 **"Foreign Investment Regulations"** means the foreign investment regulations framed by the RBI under FEMA.
- 2.15 **"FEMA"** means the Foreign Exchange Management Act, 1999 and rules and regulations framed thereunder.
- 2.16 **"INR"** shall mean Indian Rupees.
- 2.17 **"NCLT" or "Tribunal"** means the National Company Law Tribunal, Chennai Bench, the National Company Law Appellate Tribunal ("NCLAT") or such other authority constituted or authorized under the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under section 230 to 234 of the Companies Act, 2013.
- 2.18 **"NSE"** means the National Stock Exchange of India Limited.
- 2.19 **"RBI"** means the Reserve Bank of India.
- 2.20 **"Record Date"** means the date fixed by the ESFBL Board for the purpose of determining the date as of which, according to the records of the depository and register of members of EHL, the shareholders of EHL who shall be eligible for receiving the ESFBL Shares in accordance with the Scheme.
- 2.21 **"Record Date Shareholders"** shall mean the shareholders whose name appears in the register of members of the Company as on the Record Date or his/her heirs, executors, administrators or the successors-in-title, as the case may be.
- 2.22 **"Registrar of Companies"** means Registrar of Companies, Chennai.
- 2.23 **"Scheme of Amalgamation" or "Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Amalgamation in its present form or with any alternation(s) and modification(s) undertaken in accordance with the provisions thereof.
- 2.24 **"SEBI"** means the Securities and Exchange Board of India.

For Equitas Holdings Limited
R. Sunathy
Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.

Company Secretary

- 2.25 "SEBI Circulars" mean various Circulars issued by SEBI from time to time.
- 2.26 "SEBI ICDR" means the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- 2.27 "Stock Exchanges" means BSE and NSE.
- 2.28 "Transferee Company" means Equitas Small Finance Bank Limited, a company originally incorporated on June 21, 1993 under the Companies Act, 1956, bearing Corporate Identity Number L65191TN1993PLC025280 and having its registered office at 4th Floor, Phase II, Spencer Plaza, No. 769, Mount Road, Anna Salai, Chennai - 600 002.
- 2.29 "Transferor Company" means Equitas Holdings Limited, a company originally incorporated on June 22, 2007 under the Companies Act, 1956, bearing Corporate Identity Number L65100TN2007PLC064069 and having its registered office at 410A, 4th Floor, Phase II, Spencer Plaza, No. 769, Mount Road, Anna Salai, Chennai - 600 002.
- 2.30 "Undertaking" shall mean and include the whole of the undertaking of the Transferor Company on the Appointed Date, as a going concern, including its business, all secured and unsecured debts, liabilities, duties and obligations together with all present and future liabilities (including contingent liabilities) relating to the Transferor Company and all the assets, properties, rights, titles and benefits, whether movable or immovable, which shall be subject to clause 4.1 (m), real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, investments, reserves, provisions, funds, licenses, permits, quotas, approvals, registrations, accreditations to trade and industrial bodies, incentives, municipal permissions, regulatory permissions, consents or power of every kind, nature and description whatsoever in connection with the operating or relating to the Transferor Company, copyrights, patents, trade names, trademarks and other rights (including rights under any contracts, government contracts, memoranda of understanding etc.) and licenses in respect thereof, applications for copyrights, patents, trade names, trademarks, domain names, industrial designs, trade secrets, technical know-how or intellectual property rights of any nature and any other intangibles, leases, licenses, tenancy rights, premises, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections; communication facilities, equipment and installations and utilities, electricity, water and other service connections, benefits of agreements, contracts and arrangements, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, minimum alternate tax, fringe benefit tax, taxes withheld at source by or on behalf of the Transferor Company, wealth tax, sales tax, value added tax, turnover tax, CENVAT credit, service tax, Goods and Service tax etc), Software Licences, Domain / Websites etc., in connection with or relating to the Transferor Company and other claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, as on the Appointed Date.

For Equitas Holdings Limited

R. Simathy
Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.

[Signature]
Company Secretary

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations and byelaws as the case may be, including any statutory modification or re-enactment thereof from time to time. Any reference to a statutory provision shall be deemed to include such provision as amended, modified or re-enacted from time to time.

PART III – RATIONALE

3.1 RATIONALE

As part of the conditions laid down in the small finance bank licence referenced Licence No. MUM: 119 dated June 30, 2016 issued by the RBI and the Guidelines for Licensing of 'Small Finance Banks' in the Private Sector dated November 27, 2014, the RBI had directed that

- 3.1.1 The equity shares of ESFBL should be listed on recognized stock exchange(s) in India within a time period of 3 (three) years from the date the net worth of ESFBL reaches INR 500 crores (i.e., by September 04, 2019, since ESFBL commenced banking operations with a net worth of more than INR 500 crores); and
 - 3.1.2 If the promoter of ESFBL, i.e., EHL holds more than 40% (forty percent) of equity shares in ESFBL, then EHL should reduce its stake in ESFBL to 40% (forty percent) within a period of 5 (five) years from the date of commencement of business of the bank (i.e., up to September 04, 2021).
- 3.2 The directive of the RBI as mentioned under Clause 3.1.1 was complied by ESFBL by way of Initial Public Offering and shares were listed on the Stock Exchanges on 2 November 2020.
 - 3.3 This Scheme seeks to achieve compliance with the directive of the RBI as mentioned under Clause 3.1.2 by EHL in a manner that is in the best interests of and without being prejudicial to EHL, ESFBL, the shareholders of EHL or any other stakeholders.
 - 3.4 Further, as per the SFB Licensing Guidelines read with RBI Clarification, a promoter can exit from the Small Finance Bank after completing the lock-in period of five years with the approval from RBI and subject to applicable SEBI Regulations
 - 3.5 The Scheme is expected to provide the following benefits to EHL, ESFBL and their respective shareholders:
 - Achieve satisfaction and compliance of the conditions laid down by RBI in relation to the shareholding of ESFBL thereby ensuring continuity of the business of ESFBL which is also in accordance with the SFB Licensing Guidelines read with RBI Clarification .
 - Providing all the public shareholders of EHL with direct shareholding in ESFBL thereby helping them to unlock value to their investments in the business of ESFBL, which is currently held through EHL. Consequently, the shareholders of EHL can take independent decisions with respect to their holdings in ESFBL without being constrained to hold an investment in EHL to be able to derive value of benefit from ESFBL's business.

For Equitas Holdings Limited
R. Simathy
Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.
[Signature]
Company Secretary

- The Scheme also ensures that there is no dilution of value to public shareholders of EHL in the process of amalgamation in accordance with this Scheme.
- 3.6 There is no likelihood that the interests of any shareholder, depositor or creditor or employee of either EHL or ESFBL would be prejudiced as a result of the Scheme. The Scheme will not impose any additional burden on the members of EHL or ESFBL. The Scheme is not in any manner prejudicial or against public interest and would, on the contrary, serve the interest of all shareholders, depositors, creditors and stakeholders given that the Scheme ensures compliance of the conditions prescribed by RBI required for continued banking operations.

PART IV – SCHEME OF AMALGAMATION

4 TRANSFER OF UNDERTAKING

- 4.1 Upon the Scheme becoming effective, the Undertaking shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in the following manner:

- (a) With effect from the Appointed Date, the whole of the Undertaking of the Transferor Company comprising their entire business, all assets and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of Section 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in Sub-clauses (b), (c) and (d) below), be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as from the Appointed Date, the Undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.

Provided that for the purpose of giving effect to the vesting order passed under Section 230 to 232 and all other applicable provisions, if any, of the Act, in respect of this Scheme, the Transferee Company shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and the appurtenant legal right(s) upon the vesting of such assets of the Transferor Company in accordance with the provisions of Section 230 to 232 of the Act, at the office of the respective Registrar of Assurances or any other concerned authority, where any such property is situated.

- (b) All movable assets including cash in hand, if any, of the Transferor Company, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company. Such delivery shall be made on a date after the Appointed Date mutually agreed upon between the Boards of Directors of the Transferor Company and the Transferee Company.
- (c) In respect of movables other than those specified in sub-clause (b) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, the following modus operandi for intimating third parties shall, to the extent possible, be followed:

For Equitas Holdings Limited
R. Srinathy
Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.
[Signature]
Company Secretary

- (i) The Transferee Company shall give notice in such form as it may deem fit and proper, to each person, debtor, loanee or depositee as the case may be, that pursuant to the Tribunal having sanctioned the Scheme, the said debts, loans, advances, bank balances or deposits be paid or made good or held on account of the Transferee Company as the person entitled thereto to the end and intent that the right of the Transferor Company to recover or realise the same stands extinguished.
- (ii) The Transferor Company shall also give notice in such form as it may deem fit and proper to each person, debtor, loanee or depositee that pursuant to the Tribunal having sanctioned the Scheme the said debt, loan, advance or deposit be paid or made good or held on account of the Transferee Company and that the right of the Transferor Company to recover or realise the same stands extinguished.
- (d) With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of the Transferor Company shall also, under the provisions of Section 230 to 232 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause. However, the Transferee Company may, at any time, after the coming into effect of this Scheme in accordance hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Company or in favour of any other party to the contract or arrangement to which the Transferor Company are a party or any writing, as may be necessary, in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company as well as to implement and carry out all such formalities and compliances referred to above.
- (e) The transfer and vesting of the Undertaking of the Transferor Company as aforesaid shall be subject to the existing securities, charges and mortgages, if any subsisting, over or in respect of the property and assets or any part thereof of the Transferor Company.

Provided however that any reference in any security documents or arrangements (to which any Transferor Company is a party) pertaining to the assets of the Transferor Company offered, or agreed to be offered, as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the Undertaking of the said Transferor Company as are vested in the Transferee Company by virtue of the aforesaid Clauses, to the end and intent that, such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of the said Transferor Company or any of the assets of the Transferee Company.

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Transferee Company shall

For Equitas Holdings Limited

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K. J. H. H.
Company Secretary

continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend, to any of the assets of the Transferor Company vested in the Transferee Company

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation of the Transferor Company with the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security therefore, after the amalgamation has become operative.

- (f) Upon the Scheme becoming effective and with effect from the Appointed Date, all consents, permissions, certificates, permits, quotas, rights, entitlements, licences (including software licences), accreditations to trade and industrial bodies, privileges, powers, facilities, authorities (including for operation of bank accounts), powers of attorneys given by, issued to or executed in favour of the Transferor Company, quality certifications and approvals, trademarks, patents, industrial designs and trade secrets, product registrations, and other intellectual property and any other intangibles, subsidies, rehabilitation schemes, special status and other benefits or privileges (granted by any Government body, local authority or by any other person) of every kind and description of whatsoever nature in relation to the Transferor Company, or to the benefit of which the Transferor Company may be eligible, or having effect immediately before the Effective Date, shall be, and remain in, full force and effect in favour of the Transferee Company, and may be enforced fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a beneficiary thereto.
- (g) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person and availed of by the Transferor Company are concerned, the same shall vest with, and be available to, the Transferee Company on the same terms and conditions.
- (h) Loans or other obligations, if any, due between or amongst the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf. In so far as any shares, securities, debentures or notes issued by the Transferor Company, and held by the Transferee Company and vice versa, the same shall, unless sold or transferred by the said Transferor Company or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective Date, and shall have no effect and the Transferor Company or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.
- (i) Where any of the liabilities and obligations/assets attributed to the Transferor Company on the Appointed Date has been discharged / sold by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge/sale shall be deemed to have been for and on behalf of the Transferee Company.
- (j) The entitlement to various benefits under incentive schemes and policies in relation to the Undertaking of the Transferor Company shall stand transferred to, and be vested in, and/or be deemed to have been transferred to, and vested in, the

For Equitas Holdings Limited

R. Sumathy
Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.

[Signature]
Company Secretary

Transferee Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include (but shall not be limited to) income-tax, unexpired credit for minimum alternate tax, fringe benefit tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs, Goods and Service tax and other incentives in relation to the Undertaking of the Transferor Company to be claimed by the Transferee Company with effect from the Appointed Date as if the Transferee Company was originally entitled to all such benefits under such incentive scheme and/or policies, subject to continued compliance by the Transferee Company of all the terms and conditions subject to which the benefits under such incentive schemes were made available to the Transferor Company.

- (k) Since each of the permissions, approvals, consents, sanctions, remissions (including remittance under income-tax, minimum alternate tax, fringe benefit tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs, Goods and Service tax), special reservations, sales tax remissions, holidays, incentives, grants, subsidies, concessions and other authorizations relating to the Undertaking of the Transferor Company, shall stand transferred under this Scheme to the Transferee Company, the Transferee Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Scheme coming into effect.
- (l) From the Effective Date and till such time that the names of the bank accounts of the Transferor Company are replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company, in its name, in so far as may be necessary.
- (m) The Transferor Company shall transfer the investment in Equitas Technologies Private Limited and dispose of any other assets in order to comply with the provision of the Banking Regulation Act, 1949 prior to the Appointed Date.

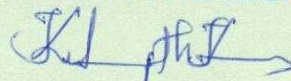
5 CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 5.1 Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature to which the Transferor Company is a party, subsisting or having effect immediately before this arrangement under this Scheme, shall be, in full force and effect, against or in favour of the Transferee Company, and may be enforced as fully and as effectively as if instead of the Transferor Company, the Transferee Company had been a party thereto. The Transferee Company shall enter into and / or issue and / or execute deeds, writings or confirmations or enter into any tripartite arrangement, confirmations or novations to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this clause, if so required or become necessary.
- 5.2 As a consequence of the amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme, the recording of change in name from the Transferor Company to the Transferee Company, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.

For Equitas Holdings Limited


Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.


Company Secretary

- 5.3 The Transferee Company may, at any time, after the coming into the effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company is a party or any writings, as may be necessary, to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company, implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company, as the case may be, to be carried out or performed.
- 5.4 For the removal of doubts, it is expressly made clear that the dissolution of the Transferor Company without the process of winding up as contemplated hereinafter, shall not, except to the extent set out in the Scheme, affect the previous operation of any contract, agreement, deed or any instrument or beneficial interest to which the Transferor Company is a party thereto and shall not affect any right, privilege, obligations or liability, acquired, or deemed to be acquired prior to Appointed Date and all such references in such agreements, contracts and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Appointed Date.

6 LEGAL PROCEEDINGS

- 6.1 All suits, actions and proceedings of whatsoever nature by or against the Transferor Company on the Appointed Date shall be transferred to the name of the Transferee Company and the same shall be continued and enforced by or against the Transferee Company, to the exclusion of the Transferor Company, as the case may be.
- 6.2 If proceedings are taken against the Transferor Company, in respect of matters referred to above, it shall defend the same in accordance with the advice of, and at the cost of, the Transferee Company, as the case may be from Appointed Date till the Effective Date, and the Transferee Company shall reimburse and indemnify such Transferor Company, against all liabilities and obligations incurred by the said Transferor Company in respect thereof

7 TRANSFEROR COMPANY STAFF, WORKMEN AND EMPLOYEES

- 7.1 All the executives, staff, workmen, and other employees in the service of the Transferor Company, immediately before the Appointed Date, under this Scheme shall become the executives, staff, workmen, and other employees of the Transferee Company, on the basis that:
- a) Their services shall have been continuous and shall not have been interrupted by reason of such transfer as if such transfer is effected under Section 25FF of the Industrial Disputes Act, 1947;
 - b) The terms and conditions of service applicable to the said staff, workmen, and other employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer;
 - c) In the event of retrenchment or termination of such staff, workmen, or other employees, the Transferee Company shall be liable to pay compensation in accordance with law on the basis that the services of the staff, workmen, or other employees shall have been continuous and shall not have been interrupted by reason of such transfer; and

For Equitas Holdings Limited
R. Srinathy
Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.
[Signature]
Company Secretary

d) It is provided that as far as the Provident Fund, Gratuity, Pension, Superannuation Fund or any other special funds that are applicable to the employees of the Transferee Company and existing in the Transferee Company for the benefit of the staff, workmen and other employees of the Transferee Company shall also be extended to the employees of the Transferor Company upon the Scheme becoming effective. The said benefits shall be extended to the employees of the Transferor Company even if such benefits were not available to the employees during their tenure of employment in the Transferor Company, by virtue of non-applicability of the relevant provisions to the Transferor Company. Notwithstanding what is stated herein above in respect of applicability of Employees Provident Fund to the employees of Transferor Company with retrospective effect from a date to be determined by the Board of Directors of Transferee company the extension of benefit to the employees of Transferor Company shall be subject to the provisions of The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the approvals of the authorities concerned for giving effect to the implementation date. It is the aim and the intent of the Scheme that all the rights, duties, powers and obligations, in whatsoever nature, that are available to the employees of the Transferee Company shall also be available to all the employees of the Transferor Company in relation to Provident Fund, Gratuity and Pension and/ or Superannuation Fund or any other special fund, however subject to the provisions of the relevant and applicable statutes

8 SAVING OF CONCLUDED TRANSACTIONS

8.1 The transfer of Undertaking under Clause 4 above, the continuance of the effectiveness of contracts and deeds under Clause 5 above and legal proceedings by or against the Transferee Company under Clause 6 above shall not affect any transaction or proceedings or contracts or deeds already concluded by the Transferor Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

9 CONDUCT OF BUSINESS OF THE TRANSFEROR COMPANY TILL EFFECTIVE DATE

With effect from the Appointed Date and up to and including the Effective Date:

- 9.1 The Transferor Company shall carry on, and be deemed to have been carrying on, all business activities and shall be deemed to have been held for and on account of, and in trust for, the Transferee Company.
- 9.2 All profits or income or taxes, including but not limited to income tax, minimum alternate tax (including unexpired credit for minimum alternate tax), fringe benefit tax, advance taxes, tax deducted at source by or on behalf of the Transferor Company, wealth tax, sales tax, value added tax, excise duty, service tax, customs duty, refund, reliefs, etc, accruing or arising to the Transferor Company, or losses arising or expenditure incurred by them, on and from Appointed Date upto the Effective Date, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure or the said taxes of the Transferee Company.
- 9.3 The Transferor Company shall carry on their business activities with proper prudence and diligence and shall not, without prior written consent of the Transferee Company, alienate, charge or otherwise deal with or dispose off any of their business undertaking(s) or any

For Equitas Holdings Limited

R. Sumathy
Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.

[Signature]
Company Secretary

part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by the Transferor Company prior to the Appointed Date).

- 9.4 The Transferee Company shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for time being in force for carrying on business by the Transferee Company.
- 9.5 The Transferor Company shall not declare any dividend, between the Appointed Date and the Effective Date, without the prior written consent of the Transferee Company.
- 9.6 The Transferor Company, after filing the Scheme with the Tribunal, shall not make any modification to their capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassification, sub-division or reorganisation or in any other manner, whatsoever, except by mutual consent of the Boards of Directors of the Transferor Company and of the Transferee Company.
- 9.7 The Transferor Company shall not vary, except in the ordinary course of business, the terms and conditions of the employment of their employees without the consent of the Board of Directors of the Transferee Company.
- 9.8 Upon the Scheme coming into effect, any taxes paid under the indirect tax laws such as Service tax Law, Value Added Tax Act (prevalent in respective state) Goods and Service tax Act etc. arising out of the transactions entered into amongst the Transferor Company and / or with the Transferee Company post the Appointed date shall on and from the effective date be refunded to the Transferee Company, or in cases where in respect of the inter-company transactions, the Transferor Company/ Transferee Company has availed CENVAT Credit / VAT credit of the taxes charged, the Transferee Company at its option may not seek for refund and can choose to retain the same as a CENVAT Credit/ VAT credit, subject to the rules and regulations under the respective indirect tax law

10 CONSIDERATION

- 10.1 Upon the Scheme becoming fully effective, in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme:

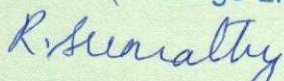
each of the equity shareholders of the Transferor Company as on the Record Date, without any further application or deed, shall be allotted 231 (Two Hundred and Thirty One) Equity Shares of Rs.10/- each credited as fully paid up of the Transferee Company in respect of every 100 (One Hundred) Equity Shares of Rs.10/- each fully paid up held by them in the Transferor Company.

The above ratio in which the ESFBL Shares will be issued to the equity shareholders of the Transferor Company is herein after referred to as the "**Share Exchange Ratio**"

- 10.2 In applying the Share Exchange Ratio, fractional entitlements, if any, will be dealt with in the manner explained below as prescribed by SEBI Master circular dated November 23, 2021 or in such other manner as may be prescribed by SEBI from time to time.

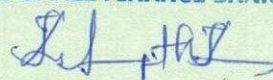
The fractional entitlements will be consolidated into whole numbers of shares and such consolidated shares be issued and allotted to a trustee appointed by ESFBL in that behalf,

For Equitas Holdings Limited



Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.



Company Secretary

who shall sell such shares in the market within a period of 90 days from the date of allotment of shares, as per the draft Scheme and distribute the net sale proceeds (after deduction of applicable taxes and other expenses) to the eligible Record Date Shareholders in proportion to their fractional entitlements.

ESFBL will submit to the designated stock exchange, a report from its Audit Committee and the Committee of Independent Directors certifying that ESFBL has compensated the eligible Record Date Shareholders as detailed above. The said report will be submitted within seven days of having compensated the eligible Record Date Shareholders.

- 10.3 The ESFBL Shares shall be issued to the shareholders of the Transferor Company in the following manner:
- (a) in dematerialised form to those shareholders who hold shares in dematerialised form in the Transferor Company into the account in which the shares of Transferor Company are held.
 - (b) in physical form to those shareholders who hold shares in physical form in the Transferor Company.

Provided that if for any reason the Transferee Company is unable to issue the shares to the shareholders of the Transferor Company as described above, the ESFBL Shares shall be transferred by the Transferee Company to the Unclaimed Share Suspense Account of ESFBL and the shareholders may claim the same by following the procedure as prescribed by ESFBL from time to time.

- 10.4 Joint shareholders shall not be treated as separate shareholders but shall be jointly eligible to receive the ESFBL Shares.
- 10.5 The ESFBL Board shall, if and to the extent required, apply for and obtain any approvals from Appropriate Authority and undertake necessary compliance for the issue of the ESFBL Shares to the Record Date Shareholders pursuant to Clause 10.1 and Clause 10.4 of the Scheme.
- 10.6 ESFBL shall, if and to the extent required, apply for and obtain any approvals from the Appropriate Authorities including the RBI, for the issuance of ESFBL Shares to non-resident equity shareholders of EHL, if any, in terms of the Foreign Investment Regulations.
- 10.7 EHL shall comply with the relevant and applicable rules and regulations including the provisions of FEMA to enable ESFBL to issue ESFBL Shares to the non-resident equity shareholders of EHL. Without prejudice to the generality of the foregoing, and notwithstanding anything contained in this Scheme, ESFBL shall not be required to issue any ESFBL Shares:
- (a) to a Record Date Shareholder who is a foreign portfolio investor singly, and to all Record Date Shareholders who are foreign portfolio investors collectively;
 - (b) to a Record Date Shareholder who is a non-resident Indian singly, and to all Record Date Shareholders who are non-resident Indians collectively, whether on a repatriation or on a non-repatriation basis; or

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R. Srinathy
Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.

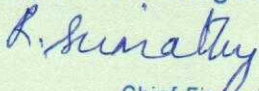
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Company Secretary

(c) to a Record Date Shareholder who is a person resident outside India, singly and to all Record Date Shareholders who are persons resident outside India collectively;

in each case, in excess of applicable limits prescribed under Foreign Investment Regulations. For the purposes of this Scheme, the terms "foreign portfolio investor", "non-resident Indian" and "person resident outside India", shall have the meaning ascribed to them under Foreign Investment Regulations. For the avoidance of doubt, ESFBL shall not be required to apply to the Government of India to permit any increase in the foreign investment limit applicable to private sector banks over and above the sectoral cap (as of the Record Date) up to which foreign investment under the automatic route is permitted under the Foreign Investment Regulations.

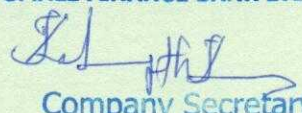
- 10.8 With respect to any ESFBL Shares that is unable to be issued by ESFBL due to Applicable Laws (including, without limitation, on account of non-receipt of approvals of an Appropriate Authority as required under Applicable Laws) or any regulations or otherwise, the issuance of such ESFBL Shares shall be held in abeyance by ESFBL and shall be dealt with in the manner as may be permissible under Applicable Laws and deemed fit by the ESFBL Board, including to enable issuance of such ESFBL Shares to a trustee, followed by a sale of such ESFBL Shares and thereafter to require the trustee to make distributions of the net sales proceeds (after the deduction of taxes and expenses incurred) to such Record Date Shareholders who are unable to receive any ESFBL Shares, in proportion to their entitlements (to the extent such issuance could not have been given effect to). If the above cannot be effected for any reason, ESFBL shall ensure that this does not delay implementation of the Scheme; and shall take all such appropriate actions as may be necessary under Applicable Laws. ESFBL and/or the depository shall execute such further documents and take such further actions as may be necessary or appropriate in this regard to enable actions contemplated therein. To the extent any Record Date Shareholder requires the previous approval of the RBI in terms of Section 12B(1) of the BR Act to receive any ESFBL Shares, ESFBL shall provide reasonable assistance to such Record Date Shareholder to enable such Record Date Shareholder to procure such approval.
- 10.9 In event of there being any additional raise of equity share capital by the Transferee Company or issuance of equity shares on account of any business exigencies after approval of the Scheme by the Board of Directors of the Transferee Company, the said allotment shall be made in accordance with the relevant rules, regulations as may be applicable issued by SEBI. The Transferor Company and Transferee Company shall disclose any such allotment made during the pendency of the Scheme to the NCLT. The Transferee Company shall make appropriate disclosures of the pendency of the Scheme in their respective filings and offer documents made for the invitation of subscription of equity share capital of the Transferee Company and the subscription of such equity shares made by the prospective shareholders shall be deemed and construed as their consent to the Scheme. Any such action or event of capital raise or share issuance undertaken by the Transferee Company would not in any manner impact or affect any stakeholders nor would it affect the provisions laid down under 10.1 to 10.9 of the Scheme. Such raise of equity share capital, filings made, and disclosures made to the relevant statutory authorities and the NCLT shall be deemed as an appropriate compliance without requiring any further amendment to the Scheme.

For Equitas Holdings Limited



Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.



Company Secretary

11 ACCOUNTING TREATMENT

Pursuant to the Scheme coming into effect on the Effective Date, the Transferee Company shall account for the Scheme in the books of accounts in accordance with the Accounting Standards in the following manner:

- 11.1 The Transferee Company shall follow the method of accounting as prescribed for the pooling of interest method' under Accounting Standard 14 as notified under the Companies Accounting Rules, 2006.
- 11.2 The Transferee Company shall, upon this Scheme becoming effective and with effect from the Appointed Date, record the assets and liabilities of the Transferor Company transferred to and vested in it pursuant to this Scheme at their respective book values as appearing in the books of the Transferor Company as at the close of business of a day immediately preceding the Appointed Date.
- 11.3 The share capital held by the Transferor Company in the Transferee Company shall stand cancelled upon the Scheme becoming effective.
- 11.4 In respect of inter-company outstanding balances between the Transferor Company and Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company.
- 11.5 The Transferee Company shall issue and allot equity shares to the shareholders of the Transferor Company in accordance with Clause 10 above and credit the face value of such equity shares to its share capital account.
- 11.6 The balances in the revenue reserves and statutory reserves as appearing in the books of the Transferor Company as at the close of business of a day immediately preceding the Appointed Date shall be recorded in the books of the Transferee Company as required by accounting standards applicable to the Transferee Company.
- 11.7 The excess or short fall, if any after recording the assets and liabilities of the Transferor Company and after making the adjustments as per Clause 11.3 to 11.6 shall be credited to Capital Reserve Account or debited to the General Reserve Account of the Transferee Company, as the case may be.
- 11.8 In case of any difference in accounting policy between the Transferor Company and Transferee Company, the accounting policies followed by the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the General Reserve /Capital Reserve Account, as the case may be, to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 11.9 Notwithstanding the above the Board of Directors of the Transferee Company are authorised to account for any of these balances in any manner whatsoever, as may be deemed fit in accordance with the prescribed accounting standards' under the Act and applicable RBI regulations and applicable generally accepted accounting principles as applicable to the Transferee Company.
- 11.10 As the Transferor Company shall stand dissolved without being wound up upon the Scheme becoming effective, hence there is no accounting treatment prescribed under this Scheme in the books of the Transferor Company.

For Equitas Holdings Limited
R. Sumathy
Chief Financial Officer

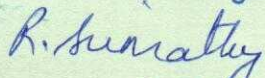
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12 EMPLOYEE STOCK OPTION PLAN

- 12.1 With respect to the stock options granted by the Transferor Company under the employees stock options scheme of the Transferor Company including the benefit of exercise price, titled Employees Stock Option Scheme 2015 (the "EHL ESOP Scheme"), upon coming into effect of this Scheme, the Transferee Company shall issue stock options to Eligible Employees taking into account the Share Exchange Ratio and on the same terms and conditions as (and which are not less favourable than those) provided in the EHL ESOP Scheme. Such stock options may be issued by the Transferee Company either under its existing stock option scheme or a revised employee stock option scheme ("ESFBL ESOP Scheme").
- 12.2 It is hereby clarified that upon this Scheme becoming effective, options granted by the Transferor Company to the Eligible Employees under the EHL ESOP Scheme shall automatically stand cancelled. Further, upon this Scheme becoming effective and after cancellation of the options granted to the Eligible Employees under the EHL ESOP Scheme, the fresh options shall be granted by the Transferee Company to the Eligible Employees on the basis of the Share Exchange Ratio (i.e. for every 100 options held by an Eligible Employee in the Transferor Company, such Eligible Employee will be conferred 231 options in the Transferee Company which shall entitle him to acquire 231 equity shares in the Transferee Company), such that the Eligible Employee shall, as option holders of the Transferee Company, enjoy the same economic benefit as they would have received under the EHL ESOP Scheme. Fractional entitlements, if any, arising pursuant to the applicability of the Share Exchange Ratio as above shall be rounded off to the nearest higher integer. The exercise price payable for options granted by the Transferee Company to the Eligible Employees shall be based on the exercise price payable by such Eligible Employees under the EHL ESOP Scheme as adjusted after taking into account the effect of the Share Exchange Ratio.
- 12.3 On the Effective Date, the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended to-date, shall apply, to the extent applicable, to the stock options granted by the Transferee Company under the ESFBL ESOP Scheme in pursuance of this Scheme.
- 12.4 The approval granted to the Scheme by the shareholders, the RBI, and/or any other regulatory authority shall be deemed to be approval granted to any modifications made to the EHL ESOP Scheme by the Transferor Company and approval granted to the ESFBL ESOP Scheme to be adopted by the Transferee Company.
- 12.5 It is hereby clarified that in relation to the options granted by the Transferee Company to the Eligible Employees, the period during which the options granted by the Transferor Company were held by or deemed to have been held by the Eligible Employees shall be taken into account for determining the minimum vesting period required under Applicable Law or agreement or deed for stock options granted under the EHL ESOP Scheme or the ESFBL ESOP Scheme, as the case may be.

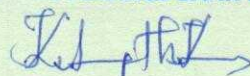
The Transferor Company and the Transferee Company shall take all such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this clause of the Scheme.

For Equitas Holdings Limited



Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.



Company Secretary

13 CONSEQUENTIAL MATTERS RELATING TO TAX

- 13.1 Save Upon the Scheme coming into effect, all taxes/ cess/ duties, direct and/or indirect, payable by or on behalf of the Transferor Company from the Appointed Date onwards including all or any refunds and claims, credits, pertaining to any income tax, advance tax, service tax, including refunds or claims pending with the Revenue Authorities and including the right to claim credit for minimum alternate tax and carry forward of accumulated losses and unabsorbed depreciation including in respect of income-tax subject to the provisions of Section 72A of the Income Tax Act, 1961, shall, for all purposes, be treated as the tax/ cess/ duty, liabilities or refunds, claims and accumulated losses and unabsorbed depreciation of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise, if it becomes necessary, its Income tax returns, Goods and Service Tax returns, Sales tax returns, Excise & CENVAT returns, service tax returns, other tax returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme. Also, the loss brought forward and unabsorbed depreciation as per books of accounts of Transferor Company as on the Appointed Date would be deemed to be loss brought forward and unabsorbed depreciation as per books of accounts of the Transferee Company. The Transferee Company is also expressly permitted to claim refunds / credits in respect of any transaction between the Transferor Company and the Transferee Company.
- 13.2 Provided further that upon the Scheme becoming effective, the Transferee Company is also expressly permitted to revise, if it becomes necessary, its income tax returns and related TDS Certificates, including TDS Certificates relating to transactions between the Transferor Company and the Transferee Company and to claim refunds, advance tax and withholding tax credits, benefit of credit for minimum alternate tax and carry forward of accumulated losses etc., pursuant to the provisions of this Scheme.
- 13.3 In accordance with the CENVAT Credit Rules framed under the Central Excise Act, 1944, as are prevalent on the Effective Date, the unutilized credits relating to excise duties / service tax / VAT paid on inputs/capital goods/ input services lying in the accounts of the Undertaking of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the excise duty/ service tax payable by it.
- 13.4 In accordance with the State Value Added Tax/ sales tax laws, as are prevalent on the Effective Date, the unutilized credits, if any, relating to VAT paid on inputs/capital goods lying in the accounts of the Undertaking of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the VAT/ CST payable by it.
- 13.5 In accordance with the Central Goods and Service Tax Act, 2017 ('CGST Act, 2017') and applicable State Goods and Service Tax Act, 2017 ('SGST Act, 2017') read with rules made thereunder as are prevalent on the Effective Date, the unutilized credits relating to GST paid on inputs/capital goods/ input services lying in the accounts of the Undertaking of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the GST payable by it.

For Equitas Holdings Limited

R. Kumathy

Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.

S. L. Prasad

Company Secretary

- 13.6 Upon the Scheme coming into effect, any taxes paid under the indirect tax laws such as Service tax Law, Value Added Tax Act (prevalent in respective state) Goods and Service tax Act etc. arising out of the transactions entered into between the Transferor Company and the Transferee Company post the Appointed date shall on and from the effective date be refunded to the Transferee Company, or in cases where in respect of the inter-company transactions, the Transferor Company / Transferee Company has availed CENVAT Credit / VAT credit of the taxes charged, the Transferee Company at its option may not seek for refund and can choose to retain the same as a CENVAT Credit / VAT credit, subject to the rules and regulations under the respective indirect tax law.
- 13.7 Upon the Scheme coming into effect, the Transferee Company shall make and file all necessary applications, documents and adhere to all statutory compliances as may be applicable and necessary laid down under the relevant Central or State laws, regulations, rules in order to facilitate the implementation of the Scheme of Amalgamation

PART V – GENERAL TERMS AND CONDITIONS

14 APPLICATION TO THE NCLT

- 14.1 EHL and ESFBL shall, with reasonable dispatch, apply to the NCLT for necessary orders or directions for holding or dispensing with the meetings of the members of EHL and ESFBL and such class(es) of creditors of EHL and ESFBL, if any, as directed by the NCLT, and for sanctioning this Scheme under Section 230 to 232 and other applicable provisions of the Act for carrying this Scheme into effect.
- 14.2 The Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income- tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income- tax Act, 1961, at a later date including resulting from an amendment of law or for any other reasons whatsoever, the provisions of the said Section of the Income- tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income- tax Act, 1961. Such modification will however not affect the other parts of the Scheme.

15 DISSOLUTION OF TRANSFEROR COMPANY

- 15.1 Subject to an order being made by the Tribunal under Section 232 of the Act, the Transferor Company shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made thereunder.
- 15.2 In the event the Scheme of Amalgamation is sanctioned by the NCLT prior to the Appointed Date, the Transferor Company would continue to operate its business in the same manner as it has been prior to the sanction of the Scheme of Amalgamation until dissolution is ordered by the NCLT. The Transferor Company in such circumstances would make a separate application under the applicable provisions of the Companies Act 2013 to the NCLT for the dissolution of the Transferor Company.

In the event the Scheme of Amalgamation is sanctioned by the NCLT after the Appointed Date, the Transferor Company would stand dissolved without any further act or deed upon sanction.

For Equitas Holdings Limited

R. Sumanthy
Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.

J. S. P. H. S.
Company Secretary

- 15.3 It is expressly clarified that notwithstanding the sanction of the Scheme, the Transferor Company shall continue its business activities and operations until the Effective Date.

16 MODIFICATIONS / AMENDMENTS TO THE SCHEME

- 16.1 The EHL Board and ESFBL Board or other persons, duly authorized by the EHL Board and ESFBL Board in this regard, may make, or assent to, any alteration or modification to this Scheme or to any conditions or limitations, including any alteration or modification any Appropriate Authority may deem fit to direct, approve or impose, without having to obtain any further approvals from their respective shareholders or creditors.
- 16.2 The EHL Board and ESFBL Board or any such persons or committees of persons as authorized by the EHL Board and ESFBL Board, be and are hereby authorized to take all such steps as may be necessary, desirable or proper for the purposes of implementing the Scheme and to resolve any doubts, difficulties or questions regarding the implementation of this Scheme or otherwise arising under this Scheme, whether by reason of any directive or orders of any Appropriate Authority or otherwise, howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.
- 16.3 If any Part or provision of this Scheme hereof is invalid, illegal or unenforceable, including as a result of any ruling of any Appropriate Authority, under present or future laws, then it is the intention that such Part or provision, as the case may be, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such Part or provision, as the case may be, shall cause this Scheme to become materially adverse to any person, in which case EHL and ESFBL shall attempt to bring about a modification in the Scheme, as will best preserve for all stakeholders the benefits and obligations of the Scheme, including but not limited to such Part or provision.
- 16.4 In the event of any of the conditions that may be imposed by the NCLT or any other Appropriate Authority which the Transferor Company or the Transferee Company may find unacceptable for any reason, in whole or in part, then the Transferor Company or Transferee Company is at liberty to withdraw the Scheme.

17 DATE OF TAKING EFFECT

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT shall be effective from the Appointed Date but shall be operative from the Effective Date.

18 SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

This Scheme is conditional upon and subject to:

- 18.1 The sanction or approval under Applicable Law or any other Appropriate Authority, agency or department concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.
- 18.2 The Scheme being approved by the Stock Exchanges and SEBI.
- 18.3 The Scheme being approved by the RBI as per Applicable Laws. The sanction by the NCLT to the Scheme is subject to the RBI certifying, in exercise of its powers conferred under Section 44B(1) of the BR Act, if applicable, that the Scheme is not incapable of being worked and as not being detrimental to the interests of the depositors of ESFBL.

For Equitas Holdings Limited

R. Sunathy
Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.

[Signature]
Company Secretary

- 18.4 The Scheme being agreed to by the respective requisite majorities of the shareholders and creditors of EHL and the public shareholders and creditors of ESFBL as the NCLT may direct and the sanction of the NCLT being accorded to the Scheme. As required under the SEBI Master circular dated November 23, 2021 on Scheme of Arrangement by Listed Entities, EHL and ESFBL shall provide electronic voting facility to its public shareholders and the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the Scheme are more than the number of votes cast by the public shareholders against it.

19 **EFFECT OF NON-RECEIPT OF CONFIRMATION / SANCTIONS**

In the event of the Scheme not being sanctioned by the NCLT, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se between the Transferor Company, Transferee Company and its shareholders in terms of the Scheme.

20 **BINDING EFFECT**

Upon the Scheme becoming effective, the same shall be binding on the Transferor Company and Transferee Company and all concerned parties without any further act, deed, matter, or thing.

21 **EXPENSES CONNECTED WITH THE SCHEME**

All costs, charges, levies, fees, duties and expenses in relation to or in connection with negotiations leading up to the Scheme and of carrying out and completing the terms and provisions of this Scheme and in relation to or in connection with the Scheme shall be borne and paid by ESFBL.

For Equitas Holdings Limited

R. Sumathy
Chief Financial Officer

For EQUITAS SMALL FINANCE BANK LTD.

[Signature]
Company Secretary