

Ref No: 03/SE/CS/DEC/2024-25

Date: December 20, 2024

To,

Listing Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001	Listing and Compliance Department National Stock Exchange of India Limited Exchange Plaza, 5th Floor Plot No.C/1, “G” Block Bandra- Kurla Complex Bandra(E), Mumbai- 400051
BSE Scrip Code: 544020	NSE Symbol: ESAFSFB

Subject: Intimation Under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Receipt of Communication from Promoter Company Regarding Scheme of Arrangement

Dear Sir/ Madam,

Pursuant to the provisions of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “**SEBI LODR Regulations**”), we hereby inform that, ESAF Small Finance Bank Limited (“**the Bank**”) has received a communication from its Promoter Company, ESAF Financial Holdings Private Limited, regarding a Scheme of Arrangement proposed between the Promoter Company and its identified shareholders, pursuant to Section 230 of the Companies Act, 2013 (“**Scheme**”), subject to necessary approval from National Company Law Tribunal (NCLT), Reserve Bank of India and any other regulators as may be required. The indicative Shareholding Pattern of the Bank, post the effectiveness of the Scheme (subject to necessary approval from the regulatory authorities) is attached as **Annexure - I**.

Even though the Bank is not a party to the said Scheme, since the scheme envisages significant reduction in the promoter shareholding in the Bank, in compliance with the SEBI LODR Regulations, the aforesaid letter, as received from the Promoter Company is considered a material event by the Bank which is being enclosed herewith for your information and record as **Annexure-II**.

We further wish to inform that the aforesaid communication, along with the application submitted by the identified shareholder, has been placed before the meeting of the Board of Directors of the Bank, held on December 20, 2024, for its consideration and necessary action in accordance with applicable statutory and regulatory requirements.

ESAF SMALL FINANCE BANK LIMITED

RBI License No.: MUM 124, CIN: U65990KL2016PLC045669

Registered & Corporate Office: ESAF Small Finance Bank Limited, Building No. VII/83/8, ESAF Bhavan, Mannuthy, Thrissur - Palakkad National Highway, Thrissur - 680 651, Kerala.

Ph. No: 0487 7123456, 123457, Email: customercare@esafbank.com www.esafbank.com

Details as per BSE's Circular No. 20230714-34 dated July 14, 2023, and NSE's Circular No. NSE /CML/2023/57 dated July 14, 2023, are as under:

Date of occurrence of event / information	December 19, 2024
Time of occurrence of event / information	08:00 P.M.
Date of Board Meeting of the Bank in which the scheme was noted	December 20, 2024
Time of Conclusion of the Board Meeting	06:30 P.M.

The intimation is also made available on the website of the Bank at www.esafbank.com

Kindly take the same on record.

Thanking you,

Yours Faithfully,

For ESAF Small Finance Bank Limited

Ranjith Raj. P
Company Secretary and Compliance Officer

Annexure I

Indicative Pre and Post Scheme Shareholding Pattern of the Bank*

Sl. No.	Name of Shareholder	PRE-SCHEME	POST-SCHEME
		Percentage of shares held (%)	Percentage of shares held (%)
1	Promoters	58.98	44.42
	Kadambelil Paul Thomas (Individual Promoter)	6.06	6.06
	ESAF Financial Holdings Private Limited (Promoter Company)	52.92	38.37
2	Promoter Group	4.39	4.39
3	Identified Shareholders of Promoter Company	0.22	14.46
	Dia Vikas Capital Private Limited	-	12.17
	ESAF Staff Welfare Trust - represented by Mr. George Thomas	0.19	2.05
	Other Individual Shareholders of Promoter Company [#]	0.03	0.24
4	Other Public Shareholders	36.41	36.73
TOTAL		100.00	100

*The Indicative Shareholding Pattern is computed based on the paid-up capital of the Bank as on December 20, 2024.

[#]The Individual Shareholders of the Promoter Company, who are identified shareholders as per the scheme, will receive a minor percentage of shares of the Bank post the scheme.

Date: 19.12.2024

To,

The Board of Directors

ESAF Small Finance Bank Limited
Building No.VII/83/8, ESAF Bhavan,
Thrissur-Palakkad National Highway,
Mannuthy, Thrissur, Kerala - 680 651,

Subject: Intimation of Scheme of Arrangement Between the Promoter Company and Its Identified Shareholders

Dear Sir/Madam,

We write to bring to the attention of the Board of Directors of ESAF Small Finance Bank Limited (“**the Bank**”) that a Scheme of Arrangement has been approved between ESAF Financial Holdings Private Limited (the “**Promoter Company**”) and its identified shareholders, pursuant Section 230 of the Companies Act, 2013 for a (a) selective reduction through cancellation of the equity shares held by Identified Shareholders and the consequent proportionate transfer of the Equity Shares held by the Company in ESAF Small Finance Bank Limited as consideration other than cash for such reduction, along with cash component.; and (b) various other matters incidental to, consequential to and/ or otherwise connected with the above, under Section 230 of the Act.

Salient Features of the Scheme:

- The Scheme involves a selective reduction of capital whereby upon coming into effect of the Scheme, the shares of Promoter Company held by certain identified shareholders (“**Identified Shareholders**”) shall be cancelled and such shareholders will cease to be shareholders of Promoter Company, and in lieu thereof, shares of ESAF SFB will be transferred by Promoter Company to such Identified Shareholders to the extent of their respective entitlement which will result in corresponding reduction in number of shares of the Bank held by the Promoter Company.
- The Scheme upon implementation will:
 - (1) Facilitate the dilution of promoter shareholding of Promoter Company in ESAF SFB in alignment with Master Direction on Ownership in Private Sector Banks, 2023 dated January 16, 2023 and Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies dated January 16, 2023; and

ESAF FINANCIAL HOLDINGS (P) LTD

Formerly known as ESAF Microfinance and Investments (P) Ltd.

(NBFC Regd. No.: B-16-00218) CIN: U65910KL1996PTC077288

Registered Office & Corporate Office: No.X/109/M4, Second Floor, Hephzibah Complex, Mannuthy PO, Thrissur, Kerala - 680651
Tel: 0487 2375777 | Email: ro@esafholdings.com | www.esafholdings.com



(2) Provide an exit mechanism to the Identified Shareholders in terms of the obligation under the Shareholders Agreement entered into by Promoter Company dated December 23, 2019 with its shareholders;

- The Scheme is subject to necessary approval from National Company Law Tribunal (NCLT), Reserve Bank of India and any other regulators as may be required.
- After the implementation of the Scheme, the shareholding of Promoter Company in ESAF SFB will become to 38.38% (from the current 52.93%).
- Dia Vikas Capital Private Limited, one of the identified shareholder of the Promoter Company will come to acquire more than 5% shares of ESAF SFB and will become a major shareholder of ESAF SFB with 12.17% shares, for which approval of Reserve Bank of India will be sought by it and the application by such shareholder will be shared with ESAF SFB separately.

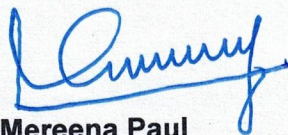
This draft scheme approved by the Board of ESAF Financial Holdings Private Limited, is being furnished for your kind perusal and necessary action.

We request the Board to acknowledge receipt of this communication. Should you require any additional information, clarifications, or documentation, we remain at your disposal.

Thanking you.

Yours faithfully,

For and on behalf of ESAF Financial Holdings Private Limited



Mereena Paul
Chairperson and Managing Director



PROPOSED SCHEME OF ARRANGEMENT

OF

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED

(Formerly known as ESAF Microfinance and Investments Private Limited)

AND

ITS SHAREHOLDERS

UNDER SECTION 230 OF THE COMPANIES ACT, 2013

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I. PREAMBLE

This scheme of arrangement ('Scheme') is presented under Section 230 of the Companies Act, 2013 ("Act") between ESAF Financial Holdings Private Limited ('the Company') and its shareholders. The Scheme provides *inter alia* for the (a) selective reduction through cancellation of the equity shares held by Identified Shareholders (*as defined below*) and the consequent proportionate transfer of the Equity Shares held by the Company in ESAF Small Finance Bank Limited as consideration other than cash for such reduction, along with cash component.; and (b) various other matters incidental to, consequential to and/ or otherwise connected with the above, under Section 230 of the Act.

II. DETAILS OF THE COMPANY

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED (CIN: U65910KL1996PTC077288) is a private limited company incorporated on 27th September 1996. The company was registered as a Non - Deposit accepting Non-Banking Financial Company (NBFC-ND) with the Reserve Bank of India ('RBI') with effect from 22 August, 2007 and got classified as a Non-Banking Financial Company - Micro Finance Institution ('NBFC-MFI') with effect from 7 January 2014. The Company was primarily engaged in providing Microfinance services to the weaker sections of society, and mainly women who were organized in Joint Liability Groups.

On 18th November, 2016, the company received approval from Reserve Bank of India ('RBI') to set up a Small Finance Bank, pursuant to the same, the company transferred its business undertaking to its wholly owned subsidiary ESAF Small Finance Bank Limited. The Bank commenced operations w.e.f 10 March, 2017, on which date the company ceased to operate as a Microfinance Company. Based on the Licensing guidelines of RBI applicable to the Bank and pursuant to above changes, the company submitted an application for registration as Core Investment Company ('CIC') on 18th March, 2019. The Company surrendered its NBFC-MFI license and was registered with Reserve Bank of India ("RBI") as Core investment Company (CIC). The Certificate of Registration as CIC was issued on 26th February, 2020.

The registered office of the Company was shifted from the state of Tamil Nadu to the state of Kerala. The Company has received the Order from the Regional Director, approving the shifting of registered office to state of Kerala on 15th June, 2022. And the approval from the Registrar of Companies for shifting the Registered Office of the Company to X/109/M4, Second Floor, Hephzibah Complex, Mannuthy, Thrissur, Kerala – 680651 was received on 10th August, 2022. RBI Thiruvananthapuram Office issued a new Certificate of Registration on 28th November, 2022 in lieu of the earlier Certificate issued by RBI, Chennai Office. The registered office of the Company is now situated at X/109/M4, Second Floor Hephzibah Complex, Mannuthy, Mannuthy-Palakkad NH, Thrissur, Kerala, India, 680651 which is within the jurisdiction of the Hon'ble Tribunal.

III. APPLICABLE PROVISIONS

Section 230 of the Act provides that where a company submits a scheme of arrangement, the Tribunal may sanction the same and upon such sanctioning of the scheme, the same shall be binding on the company, all the creditors, or class of creditors, or members, or class of members, as the case may be. Such a scheme provides for reduction of share capital and the provisions of Section 66 of the Act does not apply to any reduction of share capital effected through any scheme of arrangement under Section 230 of the Act. The Scheme does not purport to effect any compromise or arrangement or dilution of interest of any of its creditors and as on the date of approval of the Scheme by the Board of Directors of the Company, the Company does not have any creditors of any class at all.

As per the Article 5.5 of the Articles of Association of the Company, the Company is authorized to reduce its share capital.

Article 5.5 of the Articles of Association of the Company for the sake of ready reference, is set out hereunder:

“Subject to these Articles, the Company may from time to time by special resolution, subject to confirmation by the Tribunal and subject to the provisions of section 66 of the Act, reduce its share capital and any Capital Redemption Reserve Account or share premium account in any manner for the time being authorized by law in particular, without prejudice to the generality of the foregoing power may:

5.5.1.1. Extinguish or reduce the liability on any of its shares in respect of share capital not paid up;

5.5.1.2. Either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is unrepresented by available assets; or

5.5.1.3. Either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the wants of the Company; and

5.5.1.4. shall alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.”

IV. RATIONALE AND OBJECTIVE OF THE SCHEME

The Company predominantly holds shares of the Bank which is a regulated entity. The Company is the holding company of the Bank holding 52.93% of the paid-up share capital the Bank as on the Appointed Date. As per the Small Finance Bank licensing guidelines and revised ownership guidelines, the promoters of the Bank i.e., the Company along with Mr. Kadambelil Paul Thomas, are required to reduce their aggregate shareholdings to 26% in Bank before 2032.

The proposal contained in the Scheme involves offering exit to select shareholders of the Company named as “Identified Shareholders” in this Scheme in consideration of transferring to them equity shares of the Bank held by the Company proportionately and the Scheme proposes to include within its ambit the said Identified Shareholder who also holds convertible securities issued by the Company such that on converted basis, the said Identified Shareholders will get equity shares of the Bank and in this manner seeks to reorganise the shareholding pattern of the Company resulting in selective reduction of share capital by cancelling and extinguishing the shares and convertible securities held by Identified Shareholders and such shareholders becoming direct shareholders of the Bank.

The Scheme will result in meeting the regulatory prescriptions with respect to ceiling on direct and indirect shareholding of one of the Identified Shareholders in the share capital of the Company including the Convertible Securities held on converted basis.

The Scheme contemplates converting indirect shareholding of the Identified Shareholders in the equity share capital of the Bank into their direct shareholding. For this purpose, the Scheme, inter alia, includes a selective share capital reduction such that upon Coming into Force of the Scheme, the Identified Shareholders will no longer be shareholders of the Company. Towards settlement of consideration for the reduction of share capital, the Scheme considers part settlement through transfer of shares of the Bank held by the Company in a proportionate manner subject to approval of RBI wherever required and part settlement by cash pay-out. Thus, the Scheme contemplates and will result in reduction of investment held by the Company in the Shares of the Bank. Upon Coming into Force of the Scheme, the entire paid-up capital of the Company shall be held by the promoter of the Company and his relatives and ESAF Swasraya Multi- State Agro Cooperative Society, the major shareholder of the Company.

Furthermore, vide letter dated 30th July 2024, RBI has mandated the Bank to advise the Company to dilute the shareholding of one of the Identified Shareholders viz., Dia Vikas Capital Private Limited to less than 20% of the paid up share capital of the Company within a period of 6 months from the date of their letter. Thus, there is a need for the reduction of capital of the Company to achieve these requirements.

Dia Vikas Capital Private Limited shall make an application to the RBI as per clause 4.1 of the Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 for acquiring the shares of the Bank through the proposed Scheme of Arrangement.

The Scheme does not involve compromise or arrangement that would affect the interests of any of the stakeholders of the Company nor would the Scheme affect Company's solvency or its ability to fulfil its commitments or meet its obligations in the ordinary course of business.

V. PARTS OF THE SCHEME

This Scheme is divided into the following parts:

- (a) PART A deals with the definitions and share capital;
- (b) PART B deals with the capital reduction of the Company and consideration;

(c) PART C deals with the general terms and conditions applicable to the Scheme.

PART A – DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, unless the context or meaning otherwise requires: (a) terms defined in the introductory paragraphs and recitals shall have the same meanings throughout this Scheme; and (b) the following words and expressions, wherever used (including in the recitals and the introductory paragraphs above), shall have the following meanings:

1.1 “**Accounting Standards**” shall have the same meaning assigned to the said expression under the Act.

1.2 “**Act**” or “**The Act**” means the Companies Act, 2013 and rules made thereunder and shall include any statutory modifications, re-enactments, or amendments thereof for the time being in force.

1.3 “**Appointed Date**” means, the last date of the immediately concluded quarter, with reference to the date on which all or the last of the RBI Approvals is received (ie. either 31 March, 30 June, 30 September or 31 December)

1.4 “**Bank**” shall mean ESAF Small Finance Bank Limited (CIN: U65990KL2016PLC045669) having its registered office at Building No. VII/83/8, Esaf Bhavan, Thrissur-Palakkad National Highway, Mannuthy, Thrissur, Kerala, India, 680 651

1.5 “**Board of Directors**” or “**Board**” in relation to the Company means the board of directors of the Company.

1.6 “**CCPS**” means 1% Compulsorily Convertible Preference Shares of the Company.

1.7 “**Coming into Force of the Scheme**” shall mean that the Scheme shall be deemed to have come into force in all respects shall take effect only on the Effective Date.

- 1.8 **“Company” or “the Company” or “this Company”** shall mean ESAF Financial Holdings Private Limited (CIN: U65910KL1996PTC077288)
- 1.9 **“Consideration”** shall mean Proportionate FMV entitled to be received each and every one of the Identified Shareholders duly adjusted for deductions arising from TDS adjustments and Value of Tax Adjustments
- 1.10 **“Conversion”** shall mean conversion of CCPS into Equity shares by dividing the total face value of the CCPS by 15 in compliance with Clause 1.3.1 of Schedule III to the Shareholders Agreement.
- 1.11 **“Convertible Securities”** refer to the CCPS held by one of Identified Shareholders.
- 1.12 **“Diluted Basis”** shall mean reckoning the number of equity shares in the share capital of the Company by taking into account equity shares arising on Conversion on converted basis as on the “Effective Date”.
- 1.13 **“Effective Date”** means the date on which certified copy of the order(s) of the Tribunal sanctioning the Scheme is filed with the Registrar.
- 1.14 **“Fair Market Value of “FMV”** means the value of the equity shares of the Company determined by the Registered Valuer as on the Appointed Date.
- 1.15 **“FOCC”** means a company incorporated in India which is foreign owned and / or controlled.
- 1.16 **“Identified Shareholders”** shall mean the existing shareholders of the company, other than the promoter of the Company and his relatives and ESAF Swasraya Multi- State Agro Cooperative Society, who have been identified by the Board of Directors of the Company and who have given their consent for the proposed capital reduction proposal contained in this Scheme.
- 1.17 **“Promoter of the Company”** means Mr. Kadambelil Paul Thomas.

- 1.18** “**Proportionate FMV**” shall mean the value obtained by dividing the FMV by total number of equity shares in the capital of the Company on a Diluted Basis multiplied by number of shares held by the Identified Shareholder as on the Effective Date.
- 1.19** “**Proportionate number of shares of the Bank**” means number of equity shares of the Bank that any Identified Shareholder will be getting upon Coming into Force of the Scheme which is obtained by multiplying (a) number of equity shares of the Company held by any Identified Shareholder of the Company on Diluted Basis on the Effective Date; by (b) the factor obtained by dividing the total number of shares held by the Company in the capital of the Bank by the total number of shares in the capital of the Company on Diluted Basis.
- 1.20** “**RBI**” shall mean the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934.
- 1.21** “**Registrar**” shall mean the Registrar of Companies, Kerala, under whose jurisdiction the place of situation of the registered office of the Company falls.
- 1.22** “**Registered Valuer**” shall be construed within the meaning of Section 247 of the Act.
- 1.23** “**Scheme**” or “**the Scheme**” or “**this Scheme**” means this Scheme of Arrangement, subject to modifications, if any, approved or imposed or directed by the Tribunal.
- 1.24** “**Settlement Date**”, means the date on which the Share Entitlement will be transferred to the respective Identified shareholders, which shall not be more than 15 days from the Effective Date, where the transfer of Share Entitlement to any Identified Shareholder does not require any approval of RBI; and in case any approval from RBI is necessary for giving effect to the transfer of Share Entitlement to any of the Identified Shareholder, the date of receipt of approval shall be the Settlement Date unless such approval is already in place prior to the Effective Date
- 1.25** “**Share Entitlement**”, with respect to any Identified Shareholder, shall mean the Proportionate number of shares of the Bank of that Identified Shareholder that would be transferred to him in terms of the Scheme.

1.26 “**Shareholders Agreement**” refers to the agreement dated 23rd December 2019 amongst certain shareholders of the Company and the Company.

1.27 “**Tribunal**” means the National Company Law Tribunal at Kochi Bench having jurisdiction over the registered office of the Company.

1.28 “**TDS adjustments**” means the tax deducted at source by the Company from the cash entitlement of the Proportionate FMV as per the provisions of the Income Tax Act, 1961.

1.29 “**Value of Share Entitlement**” shall mean the fair market value of actual number of Bank’s shares received by an Identified Shareholder out of Share Entitlement of the Identified Shareholder concerned.

1.30 “**Value of Tax Adjustment**” is the value of capital gain taxes liable to paid by the Company on account of the Scheme as per the provisions of the Income Tax Act, 1961 being adjusted against the Consideration payable to the Identified Shareholders in the manner stated in Clause 4.3 of the Scheme.

2. SHARE CAPITAL

The authorized, issued, subscribed and paid-up share capital of the Company as on 31st March 2024 is as under:

Particulars	NON-DILUTED BASIS	DILUTED BASIS
	Amount in Rs.	Amount in Rs.
Authorized Share Capital		
Equity Shares of Rs. 10/- each with voting rights	190,00,00,000/-	190,00,00,000/-
Preference Shares of Rs.100/- each	60,00,00,000/-	60,00,00,000/-
Total	250,00,00,000	250,00,00,000
Issued, Paid-up and Subscribed Share Capital		
Equity Shares of Rs. 10/- each with voting rights	149,83,30,960	161,86,54,290
Compulsorily Convertible Preference Shares of Rs. 100/- each.	18,04,85,000	-
Total	1,67,88,15,960	1,61,86,54,290

Note: There has been no change in the Capital Structure of the Company subsequent to 31st March 2024.

PART B – THE PROPOSALS CONTAINED IN THE SCHEME

3. SELECTIVE REDUCTION OF SHARE CAPITAL OF THE COMPANY

- 3.1. The Scheme provides a selective reduction of capital whereby upon Coming into Force of the Scheme the Identified Shareholders will no longer be shareholders of the Company.
- 3.2. For the purpose of Scheme, it is proposed to determine the number of equity shares held by the Identified Shareholders as on the “Effective Date”.
- 3.3. Such number of equity shares will be reckoned on Diluted Basis.
- 3.4. In pursuance of the Scheme and for valuable Consideration in accordance with the proposal contained in the Scheme, the Identified Shareholders will be getting equity shares of the Bank in terms of the Scheme to the extent of their respective Share Entitlement and corresponding reduction in the value of investments in the books of account of the Company would also stand reduced accordingly resulting reduction in number of shares of the Bank held by the Company.
- 3.5. Upon Coming into Force of the Scheme, the Identified Shareholders would have completely exited from the being holders of equity shares or Convertible Securities in the capital of the Company and their shareholding and Convertible Securities as will stand cancelled, and extinguished without any further act, deed, or thing.
- 3.6. After giving effect to the Scheme, subject to securing necessary approvals (including the RBI Approvals and permissions, without any further act, instrument, or deed, the issued, subscribed, and paid-up share capital on Diluted Basis of the Company shall be reduced to Rs. 111,65,16,320/- (Rupees One hundred and Eleven Crore Sixty Five Lakhs Sixteen Thousand Three Hundred and Twenty) comprising of 11,16,51,632 (number of equity shares) of Rs.10/- each.
- 3.7. Without prejudice to the requirement for obtaining the RBI approvals, the approvals obtained by the Company from its shareholders and creditors in relation to this Scheme shall deemed to be sufficient approval(s) under the Act for giving effect to the provisions of Clause 3 and Clause 4 of this Scheme and for the avoidance of doubt, the Company shall not be required to obtain any separate approvals under Section 52, Section 66 and the other related provisions of the Act to effect the selective reduction by way of cancellation and extinguishment of equity shares.

- 3.8. The Company shall not be required to add “and reduced” as a suffix to its name and the Company shall continue in its existing name.

4. CONSIDERATION AND MODE OF SETTLEMENT

- 4.1. Each one of the Identified Shareholders shall be entitled to receiving from the Company Proportionate FMV in the manner stated hereunder.
- 4.2. The value of Consideration payable to each Identified Shareholder shall be settled, upon Coming into Force of the Scheme, in the following manner:
- 4.2.1. every Identified Shareholder shall be entitled to and shall receive from the Company their Share Entitlement.
- 4.2.2. The difference between the Proportionate FMV and the value of Share Entitlement shall be paid in cash. This scenario has been explained in Illustration under Annexure.
- 4.3. Adjustment of Taxes paid by the Company:
- 4.3.1. Value of Tax Adjustments shall be adjusted against the Consideration attributable to any such Identified Shareholder by proportionately reducing their Share Entitlement. This scenario has been explained in Illustration under Annexure.
- 4.4. Upon Coming into Force of the Scheme, the transfer of Bank’s shares to Identified Shareholders as contemplated under the Scheme shall be completed without any further need for executing share transfer deeds by the Company in favour of each one of the respective Identified Shareholders and the Coming into Force of the Scheme shall constitute sufficient compliance of share transfer in terms of this Scheme.
- 4.5. Upon the Coming into Force of the Scheme the demat account of the Identified Shareholders will get credited with the adjusted Share Entitlement and the adjusted cash entitlement if any shall be credited to the bank accounts of the respective Identified Shareholders. The Company shall take all such steps, acts, deeds and things for the purpose of giving effect to the transfer of shares of the Bank to the respective Identified Shareholder in terms of the Scheme. Any difference in FMV, or as the case may be, the market price of the Bank’s shares on any date after Appointed Date, be it the Effective Date or any other date shall be ignored.
- 4.6. Upon Coming into Force of the Scheme, without any further act, deed, or thing such reduction of share capital on a Diluted Basis and reduction on the investments of the Company in the capital of the Bank shall be given effect to in the books of account of the Company in accordance

with applicable Accounting Standards and shall be reflected and explained in the financial statements of the Company accordingly.

- 4.7. Fractional entitlement, if any, of the Identified Shareholders shall be rounded off to the nearest whole number.

PART C - GENERAL TERMS AND CONDITIONS APPLICABLE TO THE SCHEME

5. IMPACT OF THE SCHEME ON EMPLOYEES

- 5.1 The Scheme does not involve any variation in the terms of employment of any person working with or employed by the Company and their service shall be continued and they shall continue to enjoy the same benefits as they used to before the capital reduction

6. IMPACT OF THE SCHEME ON CREDITORS

- 6.1 The Scheme does not purport to effect any compromise or arrangement or dilution of interest of any of its creditors and as on the date of approval of the Scheme by the Board of Directors of the Company, the Company does not have any creditors of any class at all. However, the Scheme does not propose to affect any of rights of the creditors in any manner whatsoever.

7. LEGAL PROCEEDINGS CONTRACTS, DEED, AGREEMENTS AND OTHER INSTRUMENTS

- 7.1 Upon Coming into Force of the Scheme, all suits, actions, administrative proceedings, tribunals proceedings, show cause notices, demands and legal proceedings of whatsoever nature by or against the Company pending and/ or arising on or before the Effective Date or which may be instituted any time thereafter shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in the Scheme but shall be continued and be enforced by or against the Company.

- 7.2 Upon Coming into Force of the Scheme all contracts, deeds, bonds, agreements, instruments, writings and benefits of whatsoever nature to which the Company is a party subsisting or

having effect immediately before the Effective Date, shall remain in full force and effect against or in favor of the Company as before this Scheme.

7.3 Upon Coming into Force of the Shareholders Agreement shall stand nullified, ipso facto, without any further act, deed, or thing.

8. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANY

8.1 Upon the Coming into Force of the Scheme, the share capital of the Company on a Diluted Basis that gets reduced in accordance with the Scheme, the value of investments, appearing the books of account of the Company shall, ipso facto, without any further act, deed or thing, stand reduced proportionately and shall be reflected and explained accordingly in the Financial Statements of the Company.

8.2 Upon Coming into Force of the Scheme, the cash consideration, if any paid to the Identified Shareholders shall be accounted in the books of account of the Company in accordance with applicable Accounting Standards.

8.3 The Company will comply with all the Accounting Policies and Accounting Standards as applicable in relation to the accounting for such reduction of capital and a certificate to this effect shall be obtained from the statutory auditor of the Company.

9. APPLICATION TO TRIBUNAL

9.1 The Company shall make an application to the Tribunal under Section 230 of the Act, seeking necessary orders or directions towards Sanction of this Scheme under the provisions of the law.

10. MODIFICATIONS / AMENDMENTS TO THE SCHEME

10.1 The Company through its Board, may make, or assent to, any alteration or modification to this Scheme or to any conditions or limitations, which the Tribunal or any other statutory authority may deem fit to direct, approve or impose and may give such directions as they may consider

necessary, to settle any doubt, question or difficulty, arising under the Scheme or in regard to its implementation or in any manner connected therewith and to do and to execute all such acts, deeds, matters and things necessary for putting this Scheme into effect.

- 10.2 No specific further approval of the shareholders of the Company shall be needed, unless otherwise directed by the Tribunal for giving effect to any technical or other such modifications that does not have any bearing to the scope, purpose and intent of the Scheme contained herein.

11. THE SCHEME CONDITIONAL UPON

This Scheme is conditional on and subject to –

- 11.1 The Scheme being agreed to by the respective requisite majorities of the members of the Company where meetings of Equity Shareholders of the Company is convened by the Tribunal/ or by consent affidavits issued by them
- 11.2 The sanction of the Scheme by the Tribunal under Section 230 and other applicable provisions of the Act being obtained by the Company.
- 11.3 The filing with the Registrar of Companies, Kerala, of certified copies of all necessary orders, sanctions and approvals mentioned above by the Company.

12. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

- 12.1 In the event of the Scheme not being sanctioned by the Tribunal and/or the order or orders not being passed as aforesaid the Scheme shall become fully null and void.

13. SEVERABILITY

- 13.1 If any part / provision of this Scheme hereof is found to be invalid, ruled illegal by any court of competent jurisdiction or unworkable for any reason whatsoever or unenforceable under the present or future Laws, then subject to the decision of the Company, such part shall be

severable from the remainder of this Scheme and shall not affect the validity or implementation of the other parts and / or provisions of this Scheme.

14. EXPENSES CONNECTED WITH THE SCHEME

14.1 The Company shall bear all the costs, charges, taxes including duties, levies, and all other expenses, if any arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto, subject to adjustments to be made to Consideration. Expenses relating to registration of transfer of shares in the Bank shall be borne by the Identified shareholders

15. BINDING NATURE OF THE SCHEME

Upon Coming into Force of the Scheme, subject to necessary approvals and sanctions, shall be binding on the Company, its members in all respects, notwithstanding anything to the contrary contained in any other instrument deed or writing.

ANNEXURE – ILLUSTRATION

Sl. No.	Factor	Value	Relevant Date / Formula
1.	NO. OF SHARES IN THE CAPITAL OF THE COMPANY “ON FULLY DILUTED BASIS”	(A)	Appointed Date
2.	FMV PER SHARE AS ON APPOINTED DATE AS DETERMINED BY REGISTERED VALUER	(B)	Appointed Date
2.1	SECTION 80M TAX DEDUCTION PASS ON	(B.1)	Appointed Date
3.	FMV OF SHARES OF THE COMPANY	$C = (B+B.1) * A$	Appointed Date
4.	NUMBER OF SHARES OF THE COMPANY HELD BY THE IDENTIFIED SHAREHOLDER ON FULLY DILUTED BASIS	(D)	Effective Date
5.	PROPORTIONATE FMV	(E)	$C/A * D$ as on Effective Date
6.	NUMBER OF SHARES OF THE BANK HELD BY THE COMPANY	(F)	Appointed Date
7.	MARKET PRICE PER SHARE OF THE BANK AS CONSIDERED IN THE FMV	(G)	Appointed Date
8.	SHARE ENTITLEMENT OF THE IDENTIFIED SHAREHOLDER PRIOR TO TAX ADJUSTMENT	(J)	$F / A * D$
9.	VALUE OF THE SHARE ENTITLEMENT OF THE IDENTIFIED SHAREHOLDER PRIOR TO TAX ADJUSTMENT	(K)	$J * G$
10.	CASH ENTITLEMENT OF THE IDENTIFIED SHAREHOLDER PRIOR TO ADJUSTMENT TOWARDS TAX OBLIGATIONS	(L)	$E - K$

11.	TOTAL NUMBER OF SHARES REDUCED	(Z)	Effective Date
12.	TOTAL VALUE OF TAX ADJUSTMENT	(Y)	Capital gain tax at 14.56%
13.	VALUE OF SHARE ENTITLEMENT OF THE IDENTIFIED SHAREHOLDER POST TAX ADJUSTMENT	(P)	K – Y
14.	SHARE ENTITLEMENT OF THE IDENTIFIED SHAREHOLDER POST TAX ADJUSTMENT (Number of Shares to be transferred)	(Q)	P/G
15.	TOTAL VALUE OF TDS 10% OF ACCUMULATED PROFITS ON THE WHOLE OF THE SHARES GETTING REDUCED	(X)	Z / A * 10% * Accumulated profit as on Appointed Date
16.	PROPORTIONATE VALUE OF TDS ADJUSTMENTS OF THE IDENTIFIED SHAREHOLDER	(M)	X * D / Z
17.	CASH ENTITLEMENT OF THE IDENTIFIED SHAREHOLDER POST TDS ADJUSTMENT	(N)	L - M