

## SURYODAY SMALL FINANCE BANK LIMITED

Corporate Identity Number: U65923MH2008PLC261472

Registered Office: 1101, Sharda Terraces, Plot No. 65, Sector 11, CBD Belapur, Navi Mumbai – 400 614

Tel No: +91 22 40435800 Website: [www.suryodaybank.com](http://www.suryodaybank.com)

### NOTICE

**Notice** is hereby given that the **Extra Ordinary General Meeting [01/2020-21]** of the Members of Suryoday Small Finance Bank Limited (“ the **Bank**”) will be held **on Monday, July 27, 2020** at the registered office of the Bank at **1101, Sharda Terraces, Plot No. 65, Sector 11, CBD Belapur, Navi Mumbai 400614 at 3.30 p.m.** through Video Conference/Other Audio Visual Means to transact the following business:

### SPECIAL BUSINESS:

#### Item No. 1: To approve the Initial Public Offer of Equity Shares of the Bank

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

**“RESOLVED THAT** pursuant to the provisions of Sections 23, 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder including the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (collectively referred to as the **“Companies Act”**), the Securities Contracts (Regulation) Act, 1956, and the rules made thereunder, each as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (**“SEBI ICDR Regulations”**), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Foreign Exchange Management Act, 1999, as amended, and the rules and regulations made thereunder including the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended, Guidelines for Licensing of “Small Finance Banks” in the Private Sector dated November 27, 2014, as updated, issued by the Reserve Bank of India (**“RBI”**) and any other applicable rules, regulations, guidelines, clarifications, circulars and notifications issued by the Government of India (**“GoI”**), including the Department for Promotion of Industry and Internal Trade (**“DPIIT”**), Securities and Exchange Board of India (**“SEBI”**) or RBI and any other applicable laws, rules and regulations, in India and / or outside India (collectively, referred to as the **“Applicable Laws”**), and in accordance with the enabling provisions of the memorandum of association and the articles of association of the Bank and the equity listing agreement to be entered into between the Bank and the respective recognised stock exchanges of India where the equity shares of face value of ₹ 10 each of the Bank (**“Equity Shares”**) are proposed to be listed (**“Stock Exchanges”**), and subject to any approvals, consents, permissions or sanctions from the GoI, the Registrar of Companies, Maharashtra at Mumbai (**“RoC”**), SEBI, RBI, Stock Exchanges and any other appropriate governmental, statutory and regulatory authorities of India (**“Regulatory Authorities”**), and any third parties including but not limited to lenders and debenture trustees on behalf of the debenture holders of the Bank, and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, permissions and sanctions, and which may be agreed to by the board of directors of the Bank (hereinafter referred to as the **“Board”**, which term shall include a duly authorised committee thereof for the time being exercising the powers conferred by the Board including the powers conferred by this resolution), the consent and approval of the shareholders be and is hereby accorded to create, issue, offer and allot up to 1,50,00,000 ( One crore Fifty lakhs only) Equity Shares for cash either at par or premium (**“Fresh Issue”**) (with an option to the Bank to retain an over-subscription to the extent of 1% of the net offer to the public, or such other extent as may be permitted under the Applicable Laws, for the purpose of rounding off to the nearest integer while finalising the basis of allotment in consultation with the designated stock exchange)

at a price to be determined through the book building process in accordance with the SEBI ICDR Regulations or otherwise in accordance with Applicable Laws, at such premium or discount per Equity Share as allowed under Applicable Laws and as may be fixed and determined in accordance with the SEBI ICDR Regulations, out of the authorised capital of the Bank to any category of person or persons as permitted under Applicable Laws, who may or may not be the shareholder(s) of the Bank as the Board may, in consultation with the Selling Shareholders (as defined herein below) decide, including anchor investors, employees (through a reservation or otherwise), Hindu undivided families, foreign portfolio investors other than individuals, corporate bodies and family offices, alternative investment funds, foreign venture capital investors registered with SEBI, multilateral and bilateral development financial institutions, non-resident Indians, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority of India, provident funds, pension funds, insurance funds set up by army, navy, or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India, Indian mutual funds, venture capital funds, systemically important non-banking finance companies, members of group companies, Indian public, bodies corporate, companies (private or public) or other entities, authorities, and to such other persons, including retail individual bidders, in one or more combinations thereof, whether through the Issue or otherwise in one or more modes or combinations thereof and/or any other category of investors as may be permitted to invest under Applicable Laws and in one or more tranches and on such terms and conditions as may be finalised by the Board in consultation with the book running lead managers("BRLMs") and that the Board in consultation with the BRLMs may finalise all matters incidental thereto as it may in its absolute discretion thinks fit."

**"RESOLVED FURTHER THAT**, the Board be and is hereby authorised on behalf of the Bank to invite the existing shareholders of the Bank to participate in the Issue by undertaking an Offer for Sale in relation to such number of Equity Shares held by them, and which are eligible for the Offer for Sale in accordance with the SEBI ICDR Regulations, as the Board may determine in consultation with the BRLMs, subject to the receipt of consent of SEBI, GoI, RBI, RoC and/or such other approvals, permissions and sanctions of all other concerned Regulatory Authorities, if and to the extent necessary, and subject to such conditions and modifications as may be prescribed in granting such approvals, permissions and sanctions, which may be agreed to by the Board, at a price to be determined through the book building process in accordance with the SEBI ICDR Regulations, for cash at such premium or discount per Equity Share as may be fixed and determined by the Bank in consultation with the BRLMs, to such category of persons as may be permitted and/ or in accordance with the SEBI ICDR Regulations and/ or other Applicable Law, if any, as may be prevailing at that time and in such manner as may be determined by the Board in consultation with the BRLMs and/or underwriters and/or the stabilizing agent and/or other advisors or such persons appointed for the Issue."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized on behalf of the Bank to make available for allocation a portion of the Issue to any category(ies) of persons permitted under Applicable Laws, including without limitation, eligible employees of the Bank ("**Reservation**") or to provide a discount to the issue price to retail individual bidders or eligible employees ("**Discount**"); and to take any and all actions in connection with any Reservation or Discount as the Board may think fit or proper in its absolute discretion, including, without limitation, to negotiate, finalise and execute any document or agreement, and any amendments, supplements, notices or corrigenda thereto; seek any consent or approval required or necessary; give directions or instructions and do all such acts, deeds, matters and things as the Board may, from time to time, in its absolute discretion, think necessary, appropriate, or desirable; and settle any question, difficulty, or doubt that may arise with regard to or in relation to the foregoing."

**"RESOLVED FURTHER THAT** pursuant to the provisions of Sections 23, 62(1)(c), 42 and any other applicable provisions, if any, of the Companies Act and other Applicable Laws, the consent and approval of the shareholders be and is hereby accorded, to complete a private placement at the discretion of the Board of such number of Equity Shares as may be decided by the Board, to certain investors as permitted under Applicable Laws on or prior to the

date of the red herring prospectus ("**Pre-IPO Placement**"), at such other price as decided by the Bank, in consultation with the BRLMs and/or other advisors, determine in light of the then prevailing market conditions in accordance with Applicable Laws and do all such other acts, deeds, matters and things as the Board may from time to time, in their absolute discretion deem fit and including without limitation, negotiate, finalise and execute any document or agreement, including any private placement offer letters, placement agreement, escrow agreement, term sheet and such other documents or any amendments or supplements thereto and to open any bank account for the purpose if required, and to open any shares or securities account or escrow or custodian accounts as may be required in connection therewith and generally to do all such acts, deeds, matters and things in relation to all matters incidental to the Pre-IPO Placement or in relation to the foregoing and to settle any question, difficulty, or doubt that may arise with regard thereto or in relation to the foregoing. In the event of a Pre-IPO Placement, the size of the Fresh Issue would be reduced to the extent of Equity Shares issued under the Pre-IPO Placement."

**"RESOLVED FURTHER THAT** the Equity Shares so allotted and/or transferred under the Issue (including pursuant to any Reservation or green shoe option) shall be subject to the memorandum of association and the articles of association of the Bank and shall rank *pari passu* in all respects with the existing Equity Shares of the Bank including rights in respect of dividend post allotment."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions and any issue, transfer and allotment of Equity Shares pursuant to the Issue, the Board in consultation with the BRLMs, be and is hereby authorized to determine the terms of the Issue including the class of investors to whom the Equity Shares are to be allotted or transferred, the number of Equity Shares to be allotted or transferred in each tranche, issue price, premium amount, discount (as allowed under Applicable Laws), listing on one or more Stock Exchanges in India as the Board in its absolute discretion deems fit and do all such acts, deeds, matters and things and to negotiate, finalise and execute such deeds, documents agreements and any amendment thereto, as it may, in its absolute discretion, deem necessary, proper or desirable including arrangements with BRLMs, underwriters, escrow agents, legal advisors, etc., to approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Issue and to settle or give instructions or directions for settling any questions, difficulties or doubts that may arise, in regard to the offering, Issue, transfer and allotment of the Equity Shares, and utilization of the Fresh Issue proceeds, if applicable and such other activities as may be necessary in relation to the Issue and to accept and to give effect to such modifications, changes, variations, alterations, deletions and/or additions as regards the terms and conditions as it may, in its absolute discretion, deem fit and proper in the best interest of the Bank and the Issue, without requiring any further approval of the members and that all or any of the powers conferred on the Bank and the Board pursuant to these resolutions may be exercised by the Board or the IPO committee thereof."

**"RESOLVED FURTHER THAT** in connection with any of the foregoing resolutions, Mr. Baskar Babu Ramachandran, Managing Director and CEO, Mr. Bhavin Damania, Chief Financial Officer and Ms. Geeta Krishnan, Company Secretary of the Bank be and are hereby severally authorised to execute and deliver any and all other documents, papers or instruments, issue and provide certificates and to do or cause to be done any and all acts or things as may be necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing resolutions for the Issue; and any such documents so executed and delivered or acts and things done or caused to be done shall be conclusive evidence of the authority of the Bank in so doing and any document so executed and delivered or acts and things done or caused to be done prior to the date hereof are hereby ratified, confirmed and approved as the acts and deeds of the Bank, as the case may be."

**"RESOLVED FURTHER THAT** a copy of the above resolution, certified to be true by any Director or the Company Secretary, be forwarded to concerned authorities for necessary actions."

**Item No. 2: To approve increase in the authorised share capital of the Bank**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 61, 64 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent and approval of the shareholders be and is hereby accorded to increase the authorised share capital of the Bank from the existing ₹100,00,00,000 (Rupees One Hundred Crores only) divided into 10,00,00,000 (Ten Crores only) equity shares of ₹ 10 (Rupees Ten only) each to ₹ 125,00,00,000 (Rupees One Hundred Twenty Five Crores only) divided into 12,50,00,000 (Twelve Crores Fifty Lakhs only) equity shares of ₹10 (Rupees Ten only) each.”

**“RESOLVED FURTHER THAT** the board of directors of the Bank (the **“Board”**) and such other persons as may be authorised by the Board, be and are hereby severally authorised to make application, file forms, etc. and to do all such acts, deeds and things as may be required or deemed expedient to implement this resolution.”

**“RESOLVED FURTHER THAT** a copy of the above resolution, certified to be true by any Director or the Company Secretary, be forwarded to concerned authorities for necessary actions.”

**Item No.3: To approve alteration of the Capital Clause of Memorandum of Association of the Bank**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 13, 61 and 64 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder, including the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (collectively referred to as the **“Companies Act”**), the consent and approval of the shareholders of the Bank be and is hereby accorded for substituting the existing Clause V of the memorandum of association of the Bank (**“Memorandum of Association”**) with the following clause:

*“V. The Authorised Share Capital of the Bank is ₹ 125,00,00,000 (Rupees One Hundred and Twenty five Crores only) divided into 12,50,00,000 (Twelve Crore Fifty lakhs only) equity shares of ₹ 10 (Rupees Ten only) each with power to increase or reduce the capital of the Bank and/or the nominal value of the shares and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights as may be determined by or in accordance with the Articles of Association of the Bank or as may be decided by the Board of Directors or by the Bank in a General Meeting, as applicable, in conformity with the provisions of the Act, and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and issue shares of higher or lower denominations in such manner as may be permitted by the Act or provided by the Articles of Association of the Bank for the time being in force.”*

**“RESOLVED FURTHER THAT** Mr. Baskar Babu Ramachandran, Managing Director and CEO, Mr. Bhavin Damania, Chief Financial Officer and Ms. Geeta Krishnan, Company Secretary of the Bank be and are hereby severally authorised to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental to give effect to the above resolution, including but not limited to, file the necessary application with the statutory or regulatory authorities, to settle all questions, difficulties or doubts that may arise, submit such other documents and information as may be required by any statutory or regulatory authority(ies), accept on behalf of the Bank such conditions and modifications as may be prescribed or imposed by any statutory or regulatory authority(ies) and

engage in any other communication with any statutory or regulatory authority(ies) and publish necessary gazette notifications, if required, for and in connection with the proposed amendment to Clause V of the Memorandum of Association of the Bank, as may be required under the applicable laws, and filing of necessary forms with the Registrar of Companies, Maharashtra at Mumbai and to comply with all other requirements in this regard.”

**“RESOLVED FURTHER THAT** a copy of the above resolution, certified to be true by any Director or the Company Secretary, be forwarded to concerned authorities for necessary action.”

**Item No. 4: To approve amendment of the Suryoday ESOP Scheme-2019:**

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

**“RESOLVED THAT** pursuant to the provisions Section 62(1)(b) of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with the SEBI Circular no. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 (**“SEBI SBEB Regulations”**) for the time being in force and as may be modified from time to time, applicable guidelines issued by the RBI, if any, provisions contained in the memorandum of association and the articles of association of the Bank, the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other rules, regulations and guidelines of any/ various statutory/ regulatory authority(ies) that are or may become applicable (collectively referred herein as the **“Applicable Laws”**) and subject to any approvals, permissions and sanctions of any / various authority(ies) as may be required and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, and based on the recommendation of the Nomination and Remuneration Committee, which may be agreed to by the Board of Directors of the Bank, the consent of the shareholders be and is hereby accorded to amend the Suryoday ESOP Scheme-2019 for compliance with the requirements under Applicable Laws.

**“RESOLVED FURTHER THAT** to give effect to the above resolutions, Mr. Baskar Babu Ramachandran, Managing Director and CEO, Mr. Bhavin Damania, Chief Financial Officer and Ms. Geeta Krishnan, Company Secretary be and are hereby jointly and severally authorised to do all such acts, deeds, matters and things, including to settle any question, difficulty or doubt that may arise and to finalise and execute all documents and writings as may be necessary.”

**“RESOLVED FURTHER THAT** a copy of the above resolution, certified to be true by any Director or the Company Secretary, be forwarded to concerned authorities for necessary actions.”

**Item No. 5: To approve the re-appointment of Mr. Baskar Babu Ramachandran (DIN 02303132) as Managing Director & Chief Executive Officer (MD & CEO) of the Bank**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and applicable provisions, if any, read along with Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (**“Act”**) and any other applicable laws (including any statutory modification(s) or amendment(s) thereto or any re-enactment(s) made thereof, for the time being in force), Section 35B and other relevant provisions of the Banking Regulation Act, 1949, and the rules, guidelines and circulars issued by the Reserve Bank of India (**“RBI”**) in this regard from time to time, the Articles of Association of the Bank, pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Bank and



pursuant to the approval granted by the RBI vide their letter dated January 14, 2020, approval of the Members of the Bank be and is hereby accorded to the re-appointment of Mr. Baskar Babu Ramachandran (DIN 02303132) ('Mr. Baskar'), as the Managing Director and Chief Executive Officer ("MD & CEO") of the Bank for a period of 3 (three) years with effect from January 23, 2020 upon such terms and conditions, including remuneration as approved by the RBI on December 4, 2019, as set out in the explanatory statement to the resolution under Item No. 5 accompanying the Notice of the Extraordinary General Meeting, with authority to the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and/or agreement including any components of the remuneration, as may be necessary from time to time, subject to the requisite approval of the RBI."

**"RESOLVED FURTHER THAT** the office of the MD & CEO shall not be liable to retirement by rotation."

**"RESOLVED FURTHER THAT** Ms. Geeta Krishnan, the Company Secretary of the Bank be and is hereby authorized to file requisite forms or applications with statutory/regulatory authorities, with the power to settle all questions, difficulties or doubts that may arise, in this regard, to do all such acts, deeds, matters and things as may be considered necessary and appropriate to give effect to this Resolution."

**Item No. 6: To approve the re-appointment of Mr. Ramachandran Rajaraman (DIN 01953653) as an Independent Director of the Bank :**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, and other applicable provisions, if any, of the Companies Act, 2013 and the relevant Rules made thereunder read with Schedule IV to the Companies Act, 2013 and pursuant to Section 10A(2)(a) of the Banking Regulation Act, 1949, and relevant circulars issued by the Reserve Bank of India ('RBI') from time to time, including any amendments, modifications, variations or re-enactments thereof and subject to the Articles of Association of the Bank, and recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Bank, Mr. Ramachandran Rajaraman (DIN 01953653) be and is hereby re-appointed as an Independent Director of the Bank for a period of 3 (three) years with effect from September 24, 2020."

**"RESOLVED FURTHER THAT** Ms. Geeta Krishnan, the Company Secretary of the Bank be and is hereby authorized to file requisite forms or applications with statutory/regulatory authorities and to do all such acts, deeds, matters and things as may be considered necessary and appropriate to give effect to this Resolution."

**Item No. 7: To approve the appointment of Mr. John Arunkumar Diaz (DIN 00493304) as an Independent Director of the Bank.**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the relevant Rules thereunder read with Schedule IV to the Companies Act, 2013 and pursuant to Section 10A(2)(a) of the Banking Regulation Act, 1949, and relevant circulars issued by the Reserve Bank of India ('RBI') from time to time, including any amendments, modifications, variations or re-enactments thereof and subject to the Articles of Association of the Bank, and recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Bank, Mr. John Arunkumar Diaz (DIN 00493304), be and is hereby appointed as an Independent Director of the Bank to hold office for a period up to 5(five) years with effect from December 16, 2019 ."

**“RESOLVED FURTHER THAT** Ms. Geeta Krishnan, the Company Secretary of the Bank be and is hereby authorized to file requisite forms or applications with statutory/regulatory authorities and to do all such acts, deeds, matters and things as may be considered necessary and appropriate to give effect to this Resolution.”

**Registered Office:**

**1101, Sharda Terraces,**

**Plot No. 65, Sector 11,**

**CBD Belapur,**

**Navi Mumbai 400614**

**CIN : U65923MH2008PLC261472**

**Website: [www.suryodaybank.com](http://www.suryodaybank.com)**

**E-mail : [cs@suryodaybank.com](mailto:cs@suryodaybank.com)**

**Date: July 04, 2020**

**By Order of the Board of the Directors**

**Geeta Krishnan**

**Company Secretary**

**ACS 6011**

**Notes:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circulars dated April 8, 2020, April 13, 2020 and June 15, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Extraordinary General Meeting ("EGM") through video conference ("VC") / other audio visual means ("OAVM") without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), and MCA Circulars, the EGM of the Company will be held through VC / OAVM.
2. Company has appointed M/s KFin Technologies Private Limited, Registrars and Transfer Agents (RTA), to provide Video Conferencing facility for the Extra Ordinary General Meeting and the attendant enablers for conducting of the e-EGM.
3. Pursuant to the provisions of the circulars of MCA on the VC/OAVM (e-EGM) :
  - a. Members can attend the meeting through log in credentials provided to them to connect to Video conference. Physical attendance of the Members at the Meeting venue is not required
  - b. Appointment of proxy to attend and cast vote on behalf of the member is not available.
  - c. Body Corporates are entitled to appoint authorised representatives to attend the e-EGM through VC/OAVM and participate thereat and cast their votes through e-voting.
4. Members can join the EGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM through VC/OAVM will be made available for upto 1000 members on first come first served basis. This will not include large shareholders (shareholders holding 2% or more of the paid up share capital) , Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholder's Relationship Committee, Auditors, who are allowed to attend the EGM without restriction on account of first come first served basis.
5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this EGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the EGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
6. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the EGM including the relevant details, pursuant to Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India is annexed.
7. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the EGM through VC / OAVM on its behalf and to vote through Remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [tushar@tusharshri.com](mailto:tushar@tusharshri.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com).
8. Members who have not yet registered their email addresses are requested to register the same with their DPs in case of shares held in electronic form and with the Bank in case of shares held in physical form.
9. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank



account number, MICR code, IFSC code, etc., to their DPs in case of shares held in electronic form and to the Bank in case of shares held in physical form.

10. In case of Joint holder(s), the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the EGM.
11. The Notice is being sent to the Members whose names appear on the Register of Members/List of Beneficial Owners as received from RTA as at the close of business hours on July 3, 2020. In compliance with the aforesaid MCA Circulars, Notice of the EGM along with the Explanatory Statement is being sent only through electronic mode to those Members whose email addresses are registered with the Bank / Depositories. Members may note that the Notice will also be available on the Bank's website [www.suryodaybank.com](http://www.suryodaybank.com) and <https://evoting.karvy.com>. Those Shareholders whose email IDs are not registered, are requested to register their email ID with Registrar & Share Transfer Agent (RTA) at [unlservices@kfintech.com](mailto:unlservices@kfintech.com) by providing their Name as registered with the RTA, Address, email ID, PAN, DPID/Client ID or Folio Number and Number of shares held by them.
12. Members attending the EGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
13. Members whose names appear on the Register of Members/List of Beneficial Owners as on July 18, 2020 will be considered for the purpose of voting. In compliance with provisions of Section 108 and 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 the Bank is pleased to offer e-voting facility to its Members holding equity shares as on that date i.e. July 18, 2020, to exercise votes through electronic voting system ('remote e-voting') on the e-voting platform provided by the RTA.
14. Members will be allowed to pose questions during the course of the Meeting. The queries can also be given in advance at [company.secretary@suryodaybank.com](mailto:company.secretary@suryodaybank.com)
15. As a consequence of the continuing COVID-19 pandemic and the lock-down restrictions imposed by the Government of India, the facility for inspection of relevant documents may be made available to the shareholders subject to request by emailing to the Company Secretary at [company.secretary@suryodaybank.com](mailto:company.secretary@suryodaybank.com) or [geeta.krishnan@suryodaybank.com](mailto:geeta.krishnan@suryodaybank.com) and the Bank will make best efforts to make it available to the member concerned.
16. Since the EGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
17. **Instructions for e-voting and joining the EGM are as follows:**

#### **VOTING THROUGH ELECTRONIC MEANS**

- i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by RTA, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.
- ii. The remote e-voting period commences on July 23, 2020 (9:00 a.m. IST) and ends on July, 26 2020 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on July 18, 2020, i.e. cut-off date, may cast their vote electronically. Those Members, who will be present in the EGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the EGM.

- iii. The Board of Directors has appointed Mr.Tushar Shridharani, Practicing Company Secretary, Mumbai and in his absence, Ms. Nandini Parekh, Practicing Company Secretary as the Scrutinizer to scrutinize the voting during the EGM and remote e-voting process in a fair and transparent manner.
- iv. Members who have cast their vote by remote e-voting prior to the EGM may also attend/participate in the EGM through VC / OAVM but shall not be entitled to cast their vote again.
- v. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Bank as on the cut-off date.
- vi. Any person who becomes a Member of the Bank after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at KFIN TECHNOLOGIES PRIVATE LIMITED, Selenium Tower B, Plot number 31 & 32, Financial District, Gachibowli, Nanakramguda, Hyderabad 500 032, or emailing to [unlservices@kfintech.com](mailto:unlservices@kfintech.com) Phone: 040-67162222, Extn. 1602/1603/1604. However, if he/she is already registered with RTA for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- vii. The details of the process and manner for remote e-voting are explained herein below:

**INSTRUCTIONS FOR E-VOTING IS AS FOLLOWS:**

**The instructions for e-Voting are as under:**

- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>
- ii. Enter the login credentials (i.e. user id and password) mentioned at the bottom of this document. The e-voting event number + Folio No. or DP ID Client ID will be your user ID. However, if you are already registered with KFINTECH for e-voting, you can use your existing user ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
- iii. After entering these details appropriately click on "LOGIN".
- iv. You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email id, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the e-voting event number for the Company.
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the cut off date. You may also choose the option "ABSTAIN". If the shareholder does not include either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.

- ix. Voting has to be done for each resolution of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the resolution(s).
- xii. Corporate/Institutional members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (pdf format) of the Board Resolution/Power of Attorney/Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s) to the Company at [company.secretary@suryodaybank.com](mailto:company.secretary@suryodaybank.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com) and may also upload the same in the e-voting in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVENT NO."
- xiii. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.
- xiv. In case of any query pertaining to e-voting, please visit help & FAQ's section available at RTA's website <https://evoting.karvy.com> or contact Registrar & Share Transfer Agent (RTA) at [unlservices@kfintech.com](mailto:unlservices@kfintech.com).

**Other Instructions:**

- xv. The remote e-voting period commences on July 23, 2020 (9:00 am) and ends on July 26, 2020 (5:00 PM). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 18, 2020 may cast their vote by remote e-voting. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- xvi. Any person who becomes a member of the Company after dispatch of the notice of the meeting and holding shares as on July 03, 2020 may obtain the user ID and password in the manner as mentioned below:  
If the mobile number of the member is registered against Folio No./DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399.

Example for NSDL:

MYEPWD <SPACE> IN12345612345678

Example for CDSL:

MYEPWD <SPACE> 1402345612345678

Example for Physical:

MYEPWD <SPACE> XXXX1234567

- xvii. If e-mail address or mobile number of the member is registered against Folio No. or DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password. A member may call RTA's toll free number 1-800-3454-001 OR may send an e-mail request to [evoting@kfintech.com](mailto:evoting@kfintech.com).
- xviii. If the member is already registered with kfintech e-voting platform then he can use his existing user id and password for casting the vote through remote e-voting.

xix. Your electronic voting (remote e-voting) particulars are set out below:

EVEN (E-voting Event Number)	USER ID	PASSWORD/ PIN

xx. Members may write to the Company Secretary at the Registered Office of the Bank or to KFINTECH regarding transfer of shares or for resolving their grievances, if any.

#### Instructions for the Members for attending the e-EGM through Video Conference:

- Attending e-EGM through Video conference** :Member will be provided with a facility to attend the e-EGM through video conferencing platform provided by M/s KFin Technologies Private Limited. Members may access the same at <https://emeetings.kfintech.com> and **click on the “video conference”** and access the shareholders/members login by using the remote e-voting credentials. The link for e-EGM will be available in shareholder/members login where the EVENT and the name of the company can be selected.
- Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.
- Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
- Further Members will be required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- EGM Questions prior to e-EGM:** Shareholders who would like to express their views/ask questions during the meeting may log into <https://emeetings.kfintech.com/> and click on “Post your Questions” may post their queries/views/questions in the window provided by mentioning the name, demat account number/folio number, email id, mobile number. Please note that, members’ questions will be answered only if the shareholder continues to hold the shares as of cut-off date benpos. The time to post the questions shall commence on July 23, 2020 at 9.00 AM and close on July 25, 2020 at 5.00 PM.
- Due to limitations of transmission and coordination during the Q&A session, the Bank may dispense with the speaker registration during the e-EGM session.

8. **Speaker Registration during e-EGM session:** In case of decision to allow the Q&A session in the meeting, meeting may log into <https://emeetings.kfintech.com/> and click on “Speaker Registration” by mentioning the demat account number/folio number, city, email id, mobile number and submit. The speaker registration shall commence on July 23, 2020 at 9.00 AM and close on July 25, 2020 at 5.00 PM.

**Instructions for members for e-Voting during the e-EGM session:**

1. The e-Voting “Thumb sign” on the left hand corner of the video screen shall be activated upon instructions of the chairman during the e-EGM proceedings. Shareholders shall click on the same to take them to the “instapoll” page
2. Members to click on the “Instapoll” icon to reach the resolution page and follow the instructions to vote on the resolutions.
3. Only those shareholders, who are present in the e-EGM and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the e-EGM.

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

Pursuant to Section 102 of the Companies Act, 2013 (“**the Act**”), the following Statement sets out all the material facts relating to the Special Business mentioned in the accompanying Notice and should be taken as forming part of the said Notice.

**Item No.1:**

In terms of the Guidelines for Licensing of Small Finance Banks in the Private Sector dated November 27, 2014, the Bank is required to list its equity shares on the stock exchanges within three years from attaining a net worth of ₹ 500 crores i.e. before November 30, 2020 or such other date as may be approved by the Reserve Bank of India. In light of this, the Bank proposes to undertake an initial public offer of its equity shares of face value of ₹ 10 each (the “**Equity Shares**”) which may include, a fresh issue of Equity Shares and an offer for sale of Equity Shares (“**Offer for Sale**”) by certain shareholders of the Bank (the “**Selling Shareholders**”) (the “**Issue**”) and listing of the Equity Shares on one or more of the stock exchanges.

With respect to the Issue, the Bank will be required to file a draft red herring prospectus (the “**DRHP**”) with the Securities and Exchange Board of India (the “**SEBI**”), and subsequently file a red herring prospectus (the “**RHP**”) and the prospectus (the “**Prospectus**”, and together with the DRHP and the RHP, the “**Offer Documents**”), in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”), the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) (collectively referred to as the “**Companies Act**”) and other applicable laws.

The Bank intends to undertake the Issue and list its Equity Shares in consultation with the book running lead managers appointed for the Issue (the “BRLMs”) and other advisors appointed or to be appointed for the Issue and subject to applicable regulatory and other approvals, to the extent necessary.

The Offer for Sale portion has to be finalized before filing the DRHP with SEBI and any increase or decrease by more than 50% in the estimated Offer for Sale component size, any time post filing of the DRHP, would require a fresh filing of the DRHP with SEBI.

Each Shareholder may, in its sole discretion, participate in the Offer for Sale by offering to sell either all or a part of the Equity Shares held by it at a price to be determined through the book building process in accordance with the SEBI ICDR Regulations and in the Offer Documents. In terms of Regulation 8 of the SEBI ICDR Regulations, the Equity Shares offered in the Issue (“Offered Shares”) are required to be fully paid-up and are required to have been held by the concerned Shareholder for a period of at least one year prior to filing of the DRHP with SEBI.

In the event a Shareholder chooses to participate in the Issue, they will be required to comply with certain terms and requirements and undertake certain activities in line with the SEBI ICDR Regulations and the Companies Act. A detailed docket of the requirements and activities to be undertaken by a Shareholder offering their shares in the issue (“OFS Docket”) will be shared separately with all the Shareholders of the Bank.

Further, the Bank shall be entitled to take all decisions in relation to the Issue in accordance with applicable laws. The Bank reserves the right, at its sole discretion, to modify or vary the terms and conditions of the participation of such Shareholder in the Offer for Sale, including where any relevant approvals are not obtained in a timely manner or at all.

In the event a Shareholder is interested in participating in the Offer for Sale, please provide signed copies of the power of attorney, the consent letter and the certificate provided in the OFS Docket, indicating the number of Equity Shares proposed to be offered in the Issue for Sale, through e-mail to the Company Secretary at [company.secretary@suryodaybank.com](mailto:company.secretary@suryodaybank.com) or [geeta.krishnan@suryodaybank.com](mailto:geeta.krishnan@suryodaybank.com) on or before 5.00 p.m. on Wednesday, 29<sup>th</sup> July 2020. The Bank reserves the right, at its sole discretion, to extend such period as may be required. In the event the Bank does not receive consents from interested shareholders within this timeline, it shall be presumed that such shareholders are not interested in participating in the Offer for Sale.

In view of the above and in terms of Section 62(1)(c), and other applicable provisions of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the approval of the shareholders of the Bank is required through a special resolution.

The Bank proposes to create, offer, issue and allot in the Issue up to 1,50,00,000 ( One crore Fifty lakhs only) Equity Shares, for cash either at par or premium on such terms and at such price and at such time as may be considered appropriate by the board of directors of the Bank (the “Board”), or a duly authorised committee thereof, to the various categories of permitted investors, who may or may not be the shareholder(s) of the Bank, in the initial public offer through the book building process in accordance with the SEBI ICDR Regulations. The Equity Shares, if any, allotted vide the Issue shall rank in all respects *pari passu* with the existing equity shares of the Bank.

The proceeds from the Issue will be utilised for the purpose of augmenting the Bank’s Tier – 1 capital base to meet the Bank’s future capital requirements such as organic growth and expansion and to comply with regulatory requirements for enhanced capital base, as may be prescribed in the future and for general corporate purpose.



The Equity Shares are proposed to be listed on the BSE Limited, the National Stock Exchange of India Limited and any other stock exchange as determined by the Board at its absolute discretion (together, the “**Stock Exchanges**”) and the Bank will be required to enter into listing agreements with each of the Stock Exchanges.

The Bank will not make an offer of Equity Shares to the promoters of the Bank in the Issue. However, the directors (except Independent Directors) or the key managerial personnel of the Bank may apply for the Equity Shares in the various categories under the Issue in accordance with the SEBI ICDR Regulations.

Other than through their participation in the Issue as mentioned above, none of the directors or managers or key managerial personnel of the Bank or the relatives of the said persons are interested in the said resolution.

Furthermore, in the event that Equity Shares are allotted to investors pursuant to pre-IPO placement of Equity Shares prior to registering of the red herring prospectus relating to the Issue with the Registrar of Companies, Maharashtra at Mumbai, price at which such pre-IPO placement shall be made shall be subject to prevailing market conditions, and shall be decided by the Bank in consultation with the book running lead managers to the Issue. In the event of a pre-IPO placement, the size of the Fresh Issue would be reduced to the extent of Equity Shares issued under the pre-IPO placement.

No change in control of the Bank or its management of its business is intended or expected pursuant to the Issue.

The Board recommends the resolutions set out at Item No. 1 of the Notice for your approval as a Special Resolution.

#### **Item No.2:**

The Bank is proposing to undertake an initial public offer of the equity shares of face value of ₹ 10 each (“**Equity Shares**”) of the Bank comprising of fresh issuance of Equity Shares by the Bank (“**Fresh Issue**”) and an offer for sale of Equity Shares by existing shareholders of the Bank (“**Selling Shareholders**”) (“**Offer for Sale**” and together with the Fresh Issue, the “**Issue**”), and list the Equity Shares on one or more of the stock exchanges.

Pursuant to the provisions of Section 61 of the Companies Act, 2013, as amended, and Article 6 of the articles of association of the Bank, the Bank may alter the conditions of its memorandum of association to increase its authorized share capital by such amount as it thinks expedient, with the consent of its members in a general meeting.

In view of the above, the existing authorised share capital of the Bank i.e. existing ₹ 100,00,00,000 (Rupees One Hundred Crores only) divided into 10,00,00,000 (Ten Crores only) equity shares of ₹ 10 (Rupees Ten only) each is proposed to be increased to ₹ 125,00,00,000 (Rupees One Hundred Twenty Five Crores only) divided into 12,50,00,000 (Twelve Crores Fifty Lakhs only) equity shares of ₹10 (Rupees Ten only) each.

None of the directors and key managerial personnel of the Bank or their relatives is/are concerned or interested in the said resolution except to the extent of their shareholding in the Bank.

The Board recommends the resolution set out at Item No.2 of the Notice for your approval as a Special Resolution.

#### **Item No.3:**

In view of an increase in the authorised share capital of the Bank, the Memorandum of Association (“**MoA**”) of the Bank is required to be altered. The existing Clause V of the MoA of the Bank is proposed to be substituted with the following:

*“V. The Authorised Share Capital of the Bank is ₹ 125,00,00,000 (Rupees One Hundred and Twenty five Crores only) divided into 12,50,00,000 (Twelve Crore Fifty lakhs only) equity shares of ₹ 10 (Rupees Ten only) each with power to increase or reduce the capital of the Bank and/or the nominal value of the shares and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights as may be determined by or in accordance with the Articles of Association of the Bank or as may be decided by the Board of Directors or by the Bank in General Meeting, as applicable, in conformity with the provisions of the Act, and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and issue shares of higher or lower denominations in such manner as may be permitted by the Act or provided by the Articles of Association of the Bank for the time being in force.”*

Pursuant to the provisions of Sections 13 of the Companies Act, 2013, as amended, any amendment in MoA requires approval of the shareholders of the Bank.

None of the directors and key managerial personnel of the Bank or their relatives is/are concerned or interested, in the said resolution except to the extent of their shareholding in the Bank.

The Board recommends the resolutions set out at Item No.3 of the Notice for your approval as a Special Resolution.

#### **Item No.4:**

The shareholders of the Bank, vide Special resolution passed at the Annual General Meeting held on September 26, 2019, had approved the Suryoday ESOP Scheme-2019 (“**ESOP 2019**”).

Given that the Bank is proposing to undertake an initial public offering of its equity shares (“**Equity Shares**”), on listing of such Equity Shares, the Bank will be required to ensure that the ESOP 2019 is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended and SEBI Circular CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 (“**SEBI SBEB Regulations**”) Accordingly, ESOP 2019 is required to be amended to align it with the SEBI SBEB Regulations.

#### **Brief Description of ESOP 2019**

The following would *inter alia* be the broad terms and conditions of the ESOP 2019:

#### **Total number of options to be granted under the ESOP 2019**

The shareholders of the Bank, by the resolution passed at the annual general meeting held on September 26, 2019, have resolved to issue not more than 40,00,000 (Forty Lakhs only) Options under the ESOP 2019, in one or more tranches, with each such Option conferring a right upon the Employees to apply for equity share of the Bank of face value ₹ 10 each. All the Options that have lapsed, cancelled, withdrawn, recalled, surrendered (including those having lapsed by way of forfeiture) under this scheme, shall be added back to the number of Options that are pending to be granted under ESOP 2019, subject to compliance with applicable law. In case of a share split or consolidation, if the revised face value of the share is less or more than the face value ₹ 10 each, the maximum number of shares issued under ESOP 2019 shall be modified to ensure that the cumulative face value (number of

Shares X face value per Share) remains unchanged after such Share split or consolidation.

### **Identification of classes of employees entitled to participate in the ESOP 2019**

All Employees are eligible for participation in the ESOP 2019. “**Employee**” means (i) a permanent employee of the Bank who has been working in any office/location of the Bank, in India or abroad; or (ii) an executive director or whole-time director excluding an Independent Director and Promoter Director (as defined under ESOP 2019), but does not include: (i) an employee who is a Promoter (as defined under ESOP 2019) or a person belonging to the Promoter Group (as defined under ESOP 2019); or (ii) a director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Bank.

ESOP 2019 is not applicable to any temporary or non-permanent Employees. Employees against whom any disciplinary proceedings are initiated or pending are not eligible for grant of Options under ESOP 2019.

### **Requirements of vesting and period of vesting**

The vesting of the Options would be subject to continued employment of the Employee and upon compliance with the terms of the ESOP 2019 and the Letter of Grant under ESOP 2019. In addition to this, the Nomination & Remuneration Committee] may also specify certain performance parameters subject to which the Options would vest. The specific vesting schedule and conditions subject to which vesting would take place is given in the ESOP 2019. The Nomination & Remuneration Committee shall have absolute discretion to determine the time and terms and conditions of vesting and exercise of the Options granted.

### **Maximum period within which the options shall be vested**

The vesting of an Option shall commence from the date of grant and shall not vest earlier than one year from the date of grant of such Option, or as may be determined by the Nomination & Remuneration Committee, up to maximum of four years from the date of grant of such Option, as may be specified in the Letter of Grant.

### **Exercise price/pricing formulae**

The exercise price shall be:

- (i) the fair market value of the Shares as on the grant date determined in accordance with the report of an independent value and approved by the Board at the time of grant of Option; or
- (ii) as stated in the Letter of Grant.

### **Exercise period and the process of exercise**

From the date of vesting of the Options, the Employees shall be entitled to exercise the Options from time to time within exercise window period as may be prescribed by the Nomination & Remuneration Committee, which period shall not exceed a period of four years from the respective date of vesting of the Options, as may be specified in the Letter of Grant.

However, the applicable exercise period may vary depending on circumstances such as retirement, resignation, permanent disablement or abandonment of service.

In the event an Employee wishes to exercise his vested Options, such Employee shall make an application to the Bank for issue of equity shares against the vested Options in the manner prescribed by the Bank. This application should be made after the vesting date within the exercise period.

#### **Appraisal process for determining the eligibility of employees to the ESOP 2019**

The Nomination & Remuneration Committee shall periodically recommend the names of Employees for the purposes of grant of Options under the ESOP 2019. This shall be based on the performance, capability and criticality of the Employee and his/her tenure of employment in the Bank.

#### **Maximum number of options to be issued per employee and in the aggregate**

The number of Options that would be issued to an Employee under the ESOP 2019, would be determined by the Board or the Nomination & Remuneration Committee. The shareholders of the Bank by the resolution passed at the Annual General Meeting held on September 26, 2019 have consented to the issuance of such number of Options, in one or more tranches, which upon conversion could give result in the issue of not more than 40,00,000 (Forty Lakhs only) equity shares of face value ₹ 10 each. The maximum number of Options issued in a Financial Year shall not exceed 1% of the share capital of the Bank without the approval of the shareholders through a special resolution in a general meeting of the members of the Bank.

#### **Maximum quantum of benefits to be provided per employee under ESOP 2019**

The maximum quantum of Options that may be granted per Employee shall be determined by the Nomination & Remuneration Committee.

#### **Implementation and administration of the scheme**

The ESOP 2019 shall be implemented and administered directly by the Nomination & Remuneration Committee. The Committee shall formulate the detailed terms and conditions of the ESOP 2019 for the employees eligible under ESOP 2019.

#### **Disclosure and accounting policies**

The Bank shall comply with the applicable disclosure, accounting policies and accounting standards, prescribed under Regulation 15 of the SEBI SBEB Regulations and other applicable law.

#### **Method to value options**

The Independent Valuer shall determine, as per an intrinsic valuation, the value of the Options under ESOP 2019.

Approval of the members is sought in terms of Section 62 of Companies Act, 2013, the rules made, the provisions of the SEBI SBEB Regulations and any other applicable provisions of law, for the amendment of the existing ESOP 2019.

None of the Directors or their relatives is concerned or interested in the said resolution. The key managerial personnel of the Bank and their relatives may be deemed to be concerned or interested in the resolution to the extent of the employee stock options that may be granted to such key managerial personnel under the said Scheme.

The Board recommends the resolution set out at Item No.4 of the Notice for your approval as a Special Resolution.

#### **Item No.5:**

The Board approved the re-appointment of Mr. Baskar Babu Ramachandran (Mr.Baskar) as Managing Director and Chief Executive Officer (MD & CEO) of the Bank for a period of 3 (three) years with effect from January 23, 2020 on the terms and conditions including remuneration as approved by the Reserve Bank of India vide its letter dated January 14, 2020. Mr. Baskar has been Managing Director of the Bank since its inception and has been instrumental in conversion of the micro finance Company into a Small Finance Bank. During Mr. Baskar's tenure as MD & CEO, the Bank has achieved consistent growth across key parameters like Balance Sheet size, Total Deposits, Advances, Net Revenues, EPS and Net Profit. In a competitive and dynamically changing industry it is critical for the Bank to draw on the expertise, knowledge and experience of such leaders who have an exceptional track record. In view of the above, the Board of Directors recommends the re-appointment of Mr. Baskar as Managing Director and CEO of the Bank for a further period of 3 years with effect from January 23, 2020.

I. The compensation payable to Mr. Baskar as recommended by the NRC and approved by the Board and the shareholders of the Bank and also approved by the RBI vide their letter dated December 4,2019 is follows :

Salary (Basic Salary)	₹ 51.98 lakhs p.a.
House Rent Allowance	₹ 20.79 lakhs p.a.
Group Allowance	₹ 57.23 lakhs p.a.
Gross Salary	₹ 130.00 lakhs p.a
Provident fund/ Gratuity/Pension	Applicable as per statutory laws : ₹ 6.24 lakhs p.a. as per above salary (PF) Gratuity-payable at 15 days' Basic Salary for every year of service, as per statute; (no superannuation fund currently)
Medical Benefits	Mediclaim insurance coverage as per Company HR Policy for all employees (Currently not exceeding ₹ 15,000 p.a.)
Perquisites	1)Use of Bank's car upto fuel cost for a maximum of 200 Liters per month (maximum of ₹ 2,40,000 p.a.); Driver Salary up to ₹ 3,00,000 p.a.; Car repairs and insurance at actuals  2) Club fees: Eligible for One Club Membership for self and family (Club Membership fee at actuals and club expenses upto ₹ 1,50,000 p.a.  Entertainment expenses: Reasonable Expenses incurred for Official Purposes (at actuals)
Performance Linked Incentive	A maximum of 35% of the gross annual salary, subject to appraisal and approval by the Board and prior approval of the RBI

II. Mr Baskar's remuneration may be reviewed at the commencement of every financial year and any revision in his remuneration shall be reviewed by the Nomination & Remuneration Committee and approved by the Board, subject to the approval of the RBI.

III. In case of absence or inadequacy of profit in any financial year, the aforesaid remuneration and perquisites shall be paid to Mr. Baskar as minimum remuneration.

IV. Brief Profile of Mr. Baskar is as follows:

Age	51 years
Date of first Appointment on Board	10/11/2008
Qualification	Bachelor's degree in engineering (mechanical engineering) from the University of Madras and a master's degree in business administration from the University of Pondicherry.
Experience/Expertise	A financial services professional with over 26 years of experience in the field of banking and financial services. He has held various responsible positions in companies like Cholamandalam Investment & Finance Company Limited, HDFC Bank Ltd., GE Capital etc. In the year 2008 he co-founded Suryoday Micro Finance Private Limited, the company got converted into Suryoday Small Finance Bank Limited in January 2017 of which he is the Managing Director & CEO with the approval of the RBI.
The last drawn remuneration	Rs. 100 lakhs p.a. excluding retiral and perquisites

V. Mr. Baskar holds 9,203,578 Equity Shares of Suryoday Small Finance Bank Limited (as on June 30, 2020)

VI. Mr. Baskar has attended all the seven Board meetings held during the FY 2019-20.

VII. Mr. Baskar does not hold Directorship in any other Company and accordingly, he is not a member or chairman of any committee on any other board of directors.

Mr. Baskar is not related to any other Directors or Key Managerial Personnel of the Bank.

Except for Mr. Baskar and his relatives, none of the other Directors and the Key Managerial Personnel of the Bank and their relatives is / are in any way concerned or interested in the Resolution, as set out in Item No. 5 of this Notice.

The Board recommends the resolution set out at Item No.5 of the Notice for your approval as a Special Resolution.

#### **Item No.6:**

At the Annual General Meeting held on September 24, 2015 the members of the Bank had appointed Mr. Ramachandran Rajaraman (DIN 01953653) ("Mr. Ramachandran") as an Independent Director of the bank, to hold office up to September 23, 2020.

The Nomination and Remuneration Committee ('NRC') assessed the profile of Mr. Ramachandran and having found him to be 'Fit and Proper' in terms of the Reserve Bank of India's Circular on 'Fit and proper' criteria for directors of banks, recommended his appointment to the Board of Directors. In terms of Sections 149, 152 read with Schedule IV of the Act and other applicable provisions, the Board of Directors of the Bank, basis the recommendation of the NRC, reviewed the profile of Mr. Ramachandran and the declarations provided by him.

Mr. Ramachandran has over 38 years of experience in Commercial Banking and has been General Manager and Chief Executive of Indian Bank's operations in Singapore, Executive Director of Syndicate Bank and Chairman and



Managing Director, Andhra Bank prior to his retirement. In the opinion of the Board, Mr. Ramachandran meets the fit and proper criteria and has the necessary knowledge and experience for being re-appointed as an Independent Director.

Pursuant to approval of the Board for appointment of Mr. Ramachandran as Part-Time Chairperson of the Board, the RBI granted approval for Mr. Ramachandran's appointment as Part time Chairperson of the Bank with effect from March 19, 2020 up to December 31, 2021.

Mr. Ramachandran's appointment is in compliance with the provisions of Section 10A of the Banking Regulation Act, 1949. The terms and conditions applicable to Independent Director(s) of the Bank and hosted in the website of the Bank is applicable to Mr. Ramachandran also.

In view of the provisions of the Companies Act 2013 and the Banking Regulation Act 1949 and as per the terms and conditions of appointment of Independent Directors , the proposal for the re-appointment of Mr. Ramachandran as an Independent Director, for a period of 3 (three) years has been put up for the approval of shareholders.

Mr. Ramachandran is not related to any other Directors or Key Managerial Personnel of the Bank.

Except for Mr. Ramachandran and his relatives, none of the other Directors and the Key Managerial Personnel of the Bank and their relatives, is/are in any way concerned or interested in the resolution as set out in Item No. 6 of this Notice.

The Board recommends the resolution set out at Item No. 6 of the Notice for your approval as a Special Resolution.

**Item No. 7:**

Mr. John Arunkumar Diaz (Mr. Arun Diaz) was appointed as Additional Independent Director of the Bank by the Board on December 16, 2019. As per the provisions of Section 161 of the Companies Act 2013, he holds office till the ensuing Annual General Meeting of the Bank.

The Nomination and Remuneration Committee ('NRC') assessed the profile of Mr. Arun Diaz and having found him to be 'Fit and Proper' in terms of the Reserve Bank of India's Circular on 'Fit and proper' criteria for directors of banks, recommended his appointment to the Board of Directors. In terms of Sections 149,152 read with Schedule IV of the Act and other applicable provisions, the Board of Directors of the Bank, basis the recommendation of the NRC, reviewed the profile of Mr. Arun Diaz and the declarations provided by him.

Mr. Arun Diaz has 28 years of experience in an MNC Bank based in India and overseas followed by over 18 years of experience as a Consultant in Banking Services for several International Banks in Indonesia, Thailand, Laos, Seychelles and Mauritius. In the opinion of the Board, Mr. Arun Diaz is a person of integrity and has relevant experience and expertise for him to be appointed as Independent Director of the Bank, for a period of 5(five) years. Mr. Arun Diaz's appointment is in compliance with the provisions of Section 10A of the Banking Regulation Act, 1949. The terms and conditions applicable to Independent Director(s) of the Bank and hosted in the website of the Bank is applicable to Mr. Arun Diaz also.

In view of the provisions of the Companies Act 2013 and the Banking Regulation Act 1949 and as per the terms and conditions of appointment of Independent Directors , the proposal for the re-appointment of Mr. Arun Diaz as an Independent Director, for a period of 5 (five) years has been put up for the approval of shareholders.

Mr. Arun Diaz is not related to any other Directors or Key Managerial Personnel of the Bank.

Except for Mr. Arun Diaz and his relatives, none of the other Directors and the Key Managerial Personnel of the Bank and their relatives, is in any way concerned or interested in the Resolution as set out in Item No. 7 of this Notice.

The Board recommends the resolution set out at Item No.7 of the Notice for your approval as a Special Resolution.

**Registered Office:**

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**Navi Mumbai 400614**

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**Date: July 04, 2020**

**By Order of the Board of the Directors**

**Geeta Krishnan**

**Company Secretary**

**ACS 6011**

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