

USFB/CS/SE/2022-23/56

Date: October 14, 2022

To,

The Secretary
National Stock Exchange of India Limited
Exchange Plaza, C-1 , Block G, Bandra Kurla Complex,
Bandra (E) Mumbai: 400051

Symbol: UJJIVANSFB

To,

The Secretary
BSE Limited
PJ Towers, Dalal Street, Fort
Mumbai: 400 001

Scrip Code: 542904

Dear Sir/ Ma'am,

Subject: Intimation of Scheme of Amalgamation under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015 ("Listing Regulations") read with SEBI Circular bearing reference number CIR/CFD/CMD/4/2015 dated September 9, 2015 by Ujjivan Small Finance Bank Limited ("Bank" or "Transferee Company")

Pursuant to Regulation 30 of the Listing Regulations, we hereby inform that based on the recommendation of the Audit Committee and the Committee of Independent Directors, the Board of Directors of the Bank at its meeting held today i.e. October 14, 2022, has *inter-alia*, considered and approved a Scheme of Amalgamation ("**Scheme**") between Ujjivan Financial Services Limited ("**Transferor Company**") and the Transferee Company and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder.

The proposed Scheme contemplates the amalgamation of Transferor Company into and with the Transferee Company and the dissolution without winding-up of the Transferor Company pursuant thereto. The proposed Scheme is conditional and subject to the following:

- (i) the approval of the Reserve Bank of India in terms of RBI Master Directions – Amalgamation of Private Sector Banks, Directions, 2016 dated April 21, 2016 and RBI certification under Section 44(B)(1) of the Banking Regulation Act, 1949;
- (ii) no-objection of BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**") and SEBI comments as per Regulation 37 and Regulation 94 of Listing Regulations read with SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/665 dated November 23, 2021 ("**SEBI Master Circular**");
- (iii) the Scheme being approved by the requisite majority of each classes of members and/or creditors (where applicable) of the Transferor Company and Transferee Company in accordance with the Applicable Laws (as defined in the Scheme) and as may be directed by the National Company Law Tribunal, Bengaluru Bench ("**NCLT**"). Further, the Scheme is conditional upon Scheme being approved by the public shareholders through e-voting in terms of Para (A)(10)(a) of Part-I of SEBI Master Circular and the Scheme shall be acted upon only if vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it in terms of Para (A)(10)(b) of Part-I of SEBI Master Circular;
- (iv) the Scheme having been sanctioned by the NCLT;

- (v) fulfilment of any compliance(s), condition(s) etc., if any, stipulated by the RBI, SEBI, BSE, NSE and / or any other relevant Governmental Authority (as defined in the Scheme) prior to effecting the Scheme;
- (vi) receipt of such other sanction(s), approval(s) etc., of any other Governmental Authority as may be required by Applicable Laws in respect of the Scheme; and
- (vii) certified copy of the NCLT order sanctioning the Scheme being filed with the jurisdictional Registrar of Companies by both the Transferor Company and the Transferee Company.

The Scheme shall be operative from the Effective Date (as defined in the Scheme), and effective from the Appointed Date. Appointed Date as defined in the Scheme is April 01, 2023, or such other date as may be approved by the NCLT.

Information as required under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015

Sl. No.	Particulars	Description												
1.	Name of the entity(ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.	<p>The Scheme contemplates amalgamation of Ujjivan Financial Services Limited (“Transferor Company”) into and with the Ujjivan Small Finance Bank Limited (“Transferee Company”). The Transferor Company is holding company and promoter of Transferee Company. The equity shares of Transferor Company and Transferee Company are listed on BSE and NSE.</p> <p>Details of total assets, turnover and net-worth of the Transferor Company and Transferee Company is as under:</p> <p>As on June 30, 2022</p> <table border="1"> <thead> <tr> <th>Name of entity</th> <th>Turnover (in Cr)</th> <th>Total Assets (in Cr)</th> <th>Net-worth (in Cr)</th> </tr> </thead> <tbody> <tr> <td>Ujjivan Financial Services Limited</td> <td>1.70</td> <td>1,807.73</td> <td>1,806.52</td> </tr> <tr> <td>Ujjivan Small Finance Bank Limited</td> <td>1,000.42</td> <td>24,235.16</td> <td>3,007.01</td> </tr> </tbody> </table>	Name of entity	Turnover (in Cr)	Total Assets (in Cr)	Net-worth (in Cr)	Ujjivan Financial Services Limited	1.70	1,807.73	1,806.52	Ujjivan Small Finance Bank Limited	1,000.42	24,235.16	3,007.01
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Ujjivan Small Finance Bank Limited	1,000.42	24,235.16	3,007.01											
2.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length"	<p>Transferor Company is the holding company and promoter of Transferee Company. The proposed transaction is between the Transferor Company and the Transferee Company.</p> <p>The consideration for the Scheme will be discharged on an arm's length basis. The Share Exchange Ratio (as defined herein after) for the Scheme is based on the valuation report dated October 14, 2022 issued by JBPR Valuation Advisory LLP (IBBI Regn No.: IBBI/RV-E/05/2021/150), registered valuer. IIFL Securities Limited, Independent Category-1 Merchant Banker has provided Fairness Opinion dated October 14, 2022, certifying the valuation</p> <p>Further, joint statutory auditors of the Transferee Company have confirmed that the accounting treatment provided in the Scheme is in conformity with the accounting standards provided under Section 133 of the Act, the Banking Regulation Act, 1949, the guidelines and circulars issued by the RBI with</p>												



		respect to accounting. The Committee of Independent Directors and the Audit Committee have also provided their reports recommending the Scheme.
3.	Area of business of the entity(ies)	<p>Transferor Company:</p> <p>Transferor Company is registered as a Non-Banking Financial Company Non-Deposit taking Systemically Important Core Investment Company (NBFC-NDSI-CIC) with the RBI.</p> <p>Being an investment company, the main objects of the Transferor Company is to carry on the business of making investments in the group company(ies). The Transferor Company presently has investment in Transferee Company where it holds 73.68% of the equity shareholding and 100% of preference shareholding and derives its value primarily from such investment. The Transferor Company does not have any other business interest.</p> <p>Transferee Company:</p> <p>The Transferee Company is a subsidiary of Transferor Company and is registered with the RBI as a small finance bank (SFB), and is engaged in retail banking business with focus on financially unserved and underserved segments.</p>
4.	Rationale for amalgamation /merger	<p>The Transferee Company was issued a license by the RBI to operate as SFB in India on November 11, 2016. As per the conditions laid in the said license read with RBI Guidelines for Licensing of 'Small Finance Banks' in the Private Sector dated November 27, 2014 and the RBI Guidelines for 'on-tap' Licensing of 'Small Finance Banks' in Private Sector dated December 5, 2019 ("SFB Guidelines"), the promoter of SFB was required to reduce its equity stake in SFB to 40%, then to 30%, and then to 26% within a period of 5 (five) years, 10 (ten) years and 12 (twelve) years respectively, from commencement of operations of SFB. Subsequently, certain recommendations including <i>inter alia</i> with respect to the dilution of promoter shareholding were made in a report dated November 20, 2020, by the Internal Working Group (IWG) which was constituted by the RBI to review the extant guidelines on ownership and corporate structure for Indian private sector banks. The RBI vide its press release dated November 26, 2021, has <i>inter alia</i> accepted IWG's recommendation with respect to dilution aspects of promoter shareholding in the private sector banks and clarified that the submission of a dilution schedule shall be mandatory.</p> <p>Accordingly, the proposed amalgamation among other business objectives and benefits (as indicated in the Scheme) would enable meeting the aforesaid dilution requirements.</p> <p>In proceeding with this approach of amalgamation, the Transferee Company and Transferor Company, have <i>inter alia</i>, resorted to:</p> <p>(i) the RBI clarification dated January 1, 2015 which provides that promoter can exist or cease to be a promoter after completing lock-in</p>



		<p>period of five years, subject to the RBI's regulatory and supervisory comfort and SEBI Regulations; and</p> <p>(ii) RBI letter dated July 9, 2021 issued to the 'Association of Small Finance Banks of India', which allows reverse merger of holding company with the SFB subject to RBI approval.</p> <p>Further, the Scheme would yield following advantages:</p> <p>(i) The amalgamation would result in formation of a larger and stronger entity having greater capacity for conducting its operations more efficiently and competitively;</p> <p>(ii) the amalgamation would avoid operational inefficiency in the group by operating one listed entity and create synergies;</p> <p>(iii) the amalgamation would result in larger free public float for the combined listed entity as pursuant to coming into effect of the Scheme, the resultant listed entity would be entirely held by the public shareholders;</p> <p>(iv) better administration and cost reduction, including reduction in administrative, legal and other costs associated with the Transferor Company;</p> <p>(v) create value for stakeholders including respective shareholders, customers, and employees as the combined entity would benefit from operational efficiencies, optimal utilization of resources, improvement in productivity, cost-reduction etc.</p> <p>(vi) the Transferor Company currently carries on financial activity business in the nature of investments in bank deposits or other permissible securities and investment in shares of subsidiary and derives its value primarily from its investments in the Transferee Company, and therefore, pursuant to amalgamation the public shareholders of the Transferor Company would benefit by directly holding shares in the Transferee Company and derive value from the business of Transferee Company directly.</p>
5.	In case of cash consideration - amount or otherwise share exchange ratio;	Upon the Scheme becoming effective, the Transferee Company would issue and allot to the shareholders of the Transferor Company whose names are recorded in the register of members of the Transferor Company on the Record Date, 116 (One Hundred and Sixteen) equity shares of the face value of Rs. 10 (Rupees ten) each of Transferee Company, credited as fully paid-up, for every 10 (Ten) equity shares of the face value of Rs. 10 (Rupees ten) each fully paid-up held by such member in the Transferor Company (" Share Exchange Ratio ").
6.	Brief details of change in shareholding (if any) of listed entity	<u>Transferor Company:</u> The Transferor Company does not have any promoter and 100% (hundred percent) of its paid-up equity share capital is held by public shareholders. Upon the Scheme becoming effective, the Transferor Company would stand

	<p>dissolved. In consideration of amalgamation, the shareholders of Transferor Company would be issued equity shares of the Transferee Company, as per the Share Exchange Ratio, as mentioned in s.no. 5 above.</p> <p>Transferee Company:</p> <p>The Transferee Company is a subsidiary of the Transferor Company wherein the latter holds 73.68% (seventy-three point six eight percent) of the total paid-up equity share capital and 100% (hundred percent) of the total paid-up preference share capital of the former.</p> <p>Upon the Scheme becoming effective, the Transferor Company would stand dissolved. In consideration of amalgamation, the shareholders of Transferor Company would be issued equity shares of the Transferee Company, as per the Share Exchange Ratio, as mentioned in s.no. 5 above. Further, the equity shares and preference shares held by Transferor Company in Transferee Company, shall stand cancelled and extinguished.</p> <p>Pursuant to such cancellation of equity shares and preference held by the Transferor Company in the Transferee Company and issuance and allotment of fresh equity shares by the Transferee Company to the shareholders of the Transferor Company, 100% per cent equity shareholding of the Transferee Company would be held by the public shareholders, with no person acting as ‘promoter’ in the Transferee Company.</p> <p>Accordingly, the Scheme, if implemented, would result in increase in shareholding of public shareholders of the Transferee Company from 26.32% to 100%, subject to receipt of requisite approvals.</p>
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This intimation shall also be available on the Bank’s website at www.ujjivansfb.in. We request you to take note of the above.

Thanking you,
Yours faithfully,

For **UJJIVAN SMALL FINANCE BANK LIMITED**

Sanjeev Barnwal
Company Secretary & Head of Regulatory Framework