

September 4, 2019

The Secretary BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400001	The Secretary National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex (BKC) Bandra (East), Mumbai - 400051
Scrip Code No-539844	EQUITAS

Dear Sirs,

Sub: Update in respect of the Composite Scheme of Arrangement between the Company, ESFBL and their respective shareholders

We refer to our earlier communication dated October 25, 2018, November 2, 2018 and February 1, 2019 made to Exchanges on the captioned subject.

Background:

As part of the terms and conditions of Small Finance Bank licence granted by RBI and the RBI Guidelines for Licensing of Small Finance Bank in the private sector dated November 27, 2014:

- the equity shares of the ESFBL (Equitas Small Finance Bank Limited) should be listed on a recognized stock exchange in India within a time period of 3 (three) years from the date of commencement of banking operations, (i.e., the equity shares of ESFBL should be listed on a recognized stock exchange by September 4, 2019), and
- The Company, being promoter of ESFBL is required to maintain a minimum stake of 40% (forty percent) in ESFBL for a period of 5 (five) years from the date of commencement of banking operations (i.e., until September 4, 2021) and is required to reduce its stake to 40% by September 4, 2021

Rationale for the Scheme:

EHL is a Core Investment Company whose only business is investment in share capital of subsidiaries. ESFBL is the primary subsidiary contributing more than 99% of consolidated income of EHL and the existing public shareholders of EHL derive value for their investment in EHL primarily from business of ESFBL.

Under the circumstances, the Board of the Company and its subsidiary, ESFBL in their respective Meetings held on February 1, 2019 and January 31, 2019, approved a Composite Scheme of Arrangement ("the Scheme") between the Company, ESFBL and their respective shareholders, through which public shareholders of the Company would be provided direct shareholding in ESFBL. This Scheme would also help in complying with the aforesaid terms and conditions of SFB licence.

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Salient Features of the Scheme:

The Scheme contemplates the following:

- a) the issuance and allotment by ESFBL of 89,20,62,982 (Eighty Nine Crore Twenty Lakhs Sixty Two Thousand Nine Hundred and Eighty Two only) fully paid-up equity shares of face value ₹10 each for no cash consideration to the shareholders of the Company ("Scheme Shares") as of the Record Date in accordance with the Issuance Ratio defined in the Scheme (Issuance Ratio = Scheme Shares / Total number of fully paid-up equity shares of the Company as of the Record Date and "Record Date" being the date, to be fixed jointly by the Boards of the Company and ESFBL, after sanctioning of Scheme by NCLT, for the purpose of determining the shareholders of the Company who would be eligible for receiving the aforesaid Scheme Shares);
- b) the consequent reduction by ESFBL of its securities premium account, revenue and other reserves and the surplus in profit and loss account, by an amount equal to the face value of the shares of ESFBL issued under the Scheme and
- c) application by ESFBL for listing of its shares seeking exemption from SEBI for public offer under Rule 19(7) of Securities Contracts (Regulation) Rules, 1957 ("SCRR")

This Scheme was subject to approval of Reserve Bank of India (RBI), Securities Exchange Board of India (SEBI), Stock Exchanges, Members & creditors of the Company & ESFBL, sanction from National Company Law Tribunal (NCLT) and other requisite approvals, sanctions, consents and observations, if any.

Current status:

The Scheme has been filed with RBI and Stock Exchanges on February 7, 2019. The Stock Exchanges have in turn forwarded the Scheme to SEBI and approval from SEBI is awaited as on date.

ESFBL is in close touch with RBI informing them of the steps taken to list its shares as well as the status of above referred Scheme and seeking suitable extension for completing the same.

We request you to kindly take the above on record.

Thanking you,

Yours truly
For Equitas Holdings Limited



Bhaskar S
ED & CEO



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