

UNITY SMALL FINANCE BANK LIMITED

CIN: U65990DL2021PLC385568

Registered Office: 40, Basant Lok, Vasant Vihar New Delhi, Delhi-110057

Corporate Office: Centrum House, CST Road, Vidyanagari Marg, Kalina, Santacruz (E) Mumbai 400098

Tel No: 011- 4741 4100, Email: cs@unitybank.co.in; Website: www.theunitybank.com**NOTICE**

Notice is hereby given that EXTRA-ORDINARY GENERAL MEETING (Q3/01/2022-23) of UNITY SMALL FINANCE BANK LIMITED ("Bank") will be held at a shorter notice on Monday, November 28, 2022 at 11:00 am at Centrum House, C.S.T. Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai – 400 098 to transact the following Special business.

SPECIAL BUSINESS:**1. TO APPROVE SALE OF HOUSING BOOK OF THE BANK TO CENTRUM HOUSING FINANCE LIMITED WHICH WILL BE A MATERIAL RELATED PARTY TRANSACTION.**

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Regulation 2(1)(zc), 23(4) and other applicable regulations, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, and other applicable provisions of the Companies Act, 2013 read with rules framed thereunder including any statutory modification(s) or re-enactment(s) thereof for the time being in force and such other applicable provisions of law, if any, (hereinafter called as "Applicable Laws"), the Bank's policy on Related Party transaction(s), and subject to receipt of requisite approvals from the regulatory authorities and stakeholders, if any required and to the extent necessary, and subject to the Memorandum and Articles of Association of the Bank, and based on the recommendation of the Audit committee and the Board, consent of the members be and is hereby accorded to sell / assign/ transfer the Housing Finance portfolio of the Bank to Centrum Housing Finance Limited ("CHFL") and assign 100% of the identified Receivables of the Bank in the underlying loans amounting up to INR172.84 Crore plus interest accrued (but not received) and interest on the assigned receivables till the date of sale, if any, provided however, that the said contracts/arrangements/transactions shall be carried out on an arm's length basis and in the ordinary course of business of the Bank;

RESOLVED FURTHER THAT the members of the Bank do hereby approve and accord approval to the Directors or the Company Secretary or the Chief Financial Officer, to severally sign and execute all such documents, deeds and writings, including filing the said documents, etc. and do all such acts, deeds and things and take necessary steps as the Board may in its absolute discretion deem necessary, desirable or expedient to give effect to this resolution and to settle any question that may arise in this regard, without being required to seek any further consent or approval of the members to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution;

RESOLVED FURTHER THAT the members of the Bank, do hereby also accord approval to the Board of Directors of the Bank, to delegate all or any of its powers herein conferred to any official(s) of the Bank/any other person(s) so authorized by it, in accordance with applicable laws, to do all such acts,, deeds, matters and things as may be considered necessary or expedient to give effect to the aforesaid resolution;

2. TO APPROVE THE APPOINTMENT OF MR. DAVID RASQUINHA (DIN: 01172654) AS AN INDEPENDENT DIRECTOR OF THE BANK

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 161, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the Rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force) ("the Act") and applicable provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Section 10A of the Banking Regulation Act, 1949 and relevant circulars issued by the Reserve Bank of India ("RBI") from time to time, and subject to the Articles of Association of the Bank, and pursuant to the recommendation of the Nomination and Remuneration Committee, Mr. David

Rasquinha (DIN: 01172654), who was appointed as an Additional Director in the capacity of Non-Executive Independent Director of the Bank with effect from October 20, 2022 in terms of Section 161 of the Act and in respect of whom the Bank has received a Notice in writing under Section 160 of the Act, proposing his candidature for the office of Director of the Bank, be and is hereby appointed as an Independent Director of the Bank not liable to retire by rotation, for a period of five years commencing from October 20, 2022 up to October 19, 2027.

RESOLVED FURTHER THAT any one of the Director or the Company Secretary or the Compliance officer of the Bank be and are hereby severally authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for furtherance of the above, on behalf of the Bank, and furnish a certified true copy of the aforesaid resolution to all such parties, agencies and authorities, as may be deemed necessary from time to time”

By Order of the Board of Directors

For Unity Small Finance Bank Limited

Sd/-
Archana Goyal
Company Secretary

Place: Mumbai

Date: 24/11/2022

NOTES:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the “Act”), in regard to the special business No. 1 & 2 are set out on above Items which are annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.** Proxies, in order to be effective, must be received at the Company’s Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organization.
3. Members are requested to note that pursuant to Section 105 of the Act, a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
4. Corporate members intending to send their authorised representatives to attend the Extra-Ordinary General Meeting (EGM) are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote in their behalf at the Meeting.
5. The Register of Directors’ and Key Managerial Personnel and their shareholding and other documents referred to in the Notice will be available for inspection by the members at the registered office of the Company.
6. Route map of the venue of the meeting (including prominent landmark) is annexed hereto and forms a part of this notice

By Order of the Board of Directors

For Unity Small Finance Bank Limited

Archana Goyal
Company Secretary

Place: Mumbai

Date: 24/11/2022

EXPLANATORY STATEMENT

As required by Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the businesses mentioned under the accompanying Notice dated October 20, 2022.

Item No. 1

The members may note that Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, effective April 1, 2022 ("Listing Regulations") mandates prior approval of members by means of an ordinary resolution for all material related party transactions ("RPTs"), including transactions that are in the ordinary course of business of the concerned company.

As per the Listing Regulations, a transaction with a related party is considered material, if the transaction(s) either individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower ("Materiality Threshold").

The members may note that the Bank acquired the entire assets and liabilities of Punjab and Maharashtra Co-operative Bank Ltd. ("PMC Bank"), pursuant to the amalgamation of the PMC Bank with Unity Small Finance Bank Limited ("USFB/the Bank") with effect from January 25, 2022, including the housing finance portfolio of PMC Bank aggregating to INR 361.04 Cr (INR 327.35 Cr as on 29 Aug 22).

(INR Cr)

Date	Standard	Non- Standard	Total
31 March 2022	297.82	63.28	361.04
29 Aug 2022	268.44	58.91	327.35

Further, as per the conditions of license granted by the Reserve Bank of India ("RBI") to the Bank dated October 12, 2021, during the period of three and half years and as long as the Centrum Group holds more than 10 per cent of paid-up voting equity share capital in the group company 'Centrum Housing Finance Limited', USFB shall not undertake housing loan business. Centrum Capital Limited holds about 55% of voting Equity capital of Centrum Housing Finance Limited. Thus the Bank is not permitted to undertake any new housing finance business as on date and can only collect receivables for this portfolio. In this context, it is not beneficial for the Bank to create product capabilities and devote management time and effort in creating and maintaining systems and processes required to run this portfolio. Considering that it is a retail portfolio and requires constant efforts and monitoring, it is proposed to sell down this portfolio on a "non-recourse" basis in one or more tranches.

Basis the proposals received by the Bank from various financial institutions, the Bank identified that bid received from Centrum Housing Finance Limited ('CHFL'), related party is competitive and surpasses the other Bids received from other financial institutions.

The members may note that the above transaction is in the ordinary course of business of the Bank and on an arm's length basis. It is clarified that the management had provided the Audit Committee with relevant details of the proposed RPT, including material terms. The Audit Committee, after reviewing all necessary information, has granted its approval for entering into the aforesaid RPT.

The members may note that in terms of Regulation 23(4) of the SEBI Listing Regulations, no related party (whether the entity is a related party to the particular transaction or not), shall vote to approve an ordinary resolution pertaining to a material RPT. Having said that in the instant case, the Bank being a high value debt listed entity, all its members are identified as related parties of the Bank. This has resulted in a peculiar situation where all existing and prospective material RPTs require members' approval through ordinary resolution but there is no non-related party member who can as such vote to approve such a resolution. In the circumstances, with a view to achieve partial compliance as per Regulation 15(1A) and other applicable provisions of the SEBI Listing Regulations, the Bank is proceeding to take the

approval of its members (although identified as related parties) for and relation to the RPTs set out hereunder. The Bank shall, as permitted vide RBI regulations, strive to achieve full compliance of the above.

Details of the proposed RPT between the Company and CHFL including the information required to be disclosed in the Explanatory Statement pursuant to the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021, are as follows:

Sr. No.	Details required	Particulars
1.	Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);	M/s. Centrum Housing Finance Limited (CHFL), Subsidiary of Ultimate Holding Company, viz. Centrum Capital Limited
2.	Type and particulars of the proposed transaction	Type of proposed transaction: Assignment Agreement and Transition Services Agreement
3.	Material terms	<p>Type: Assignment Agreement and Transition Services Agreement</p> <p>Material terms & particulars of the transaction:</p> <p>On the Settlement Date,</p> <ol style="list-style-type: none"> 1. The Bank i.e. Transferor assigns the identified Receivables to CHFL i.e. Transferee. This sale will be by way of a legal "True Sale" involving the assignment of 100% of the Receivables to the Transferee, assigning thereby the rights, title and interest of the Transferor in the underlying loans. The assignment shall be to the end and intent that the Transferee shall thereafter be deemed to be the legal and beneficial owner of the said Receivables. 2. The loans identified for transfer shall be subject to the Transferee's due diligence and agreed Eligibility Criteria. 3. All rights to Collateral for the receivables assigned shall also be assigned through appropriate legal documentation. <p>Further, Transferor, subsequent to the "Transition Services Agreement" will provide service and assist in collection of the Receivables through its existing branch network for a period as specified in the said agreement.</p> <p>Other terms as detailed in the draft Assignment Agreement & Servicing/Transition Agreement as placed before the Audit Committee and the Board.</p>
3	Tenure of the proposed transaction	To be concluded within 6 months from the date of receipt of requisite approval from stakeholders.
4	Value of the proposed transaction	Consideration of INR 172.84 crores plus interest accrued (but not received) and interest on the assigned receivables, if any till the date of sale.
5	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided)	<p>Proposed value of transaction: INR 172.84 Crore + interest accrued (but not received) and interest on the assigned receivables, if any till the date of sale.</p> <p>Annual Turnover of USFB for FY 2021-22: INR 154.24 Crore</p> <p>Percentage of the Annual turnover that is represented by the value of the proposed transaction- # 112 % (considering principle amount only)</p>
6	Justification as to why the RPT is in the interest of the listed entity	USFB does not offer Housing Loans as per terms of the License conditions dated October 12, 2021. The Bank shall not undertake

		<p>housing loan business during the period of three and half years and as long as the Centrum Group holds more than 10 per cent of paid-up voting equity share capital in the group company, viz. Centrum Housing Finance Limited (CHFL). Accordingly, the Bank is not permitted to undertake any new housing finance business as on date and can only collect receivables for this portfolio. In this context, it is not beneficial for the Bank to create product capabilities and devote management time and effort in creating and maintaining systems and processes required to run this portfolio.</p> <p>Hence the Bank proposes to down sell its legacy housing loan portfolio (acquired as part of PMC amalgamation) in one or more tranches as it is not viable to staff and run this this portfolio for maintenance purposes only. Accordingly, the Bank had invited quotes from financial institutions and ARCs to bid for this portfolio.</p> <p>Out of the bids received, the bid received from CHFL is competitive and surpasses the Bids received from other financial institutions.</p> <p>In view of the same, it is prudent to sell the housing finance portfolio of the Bank to CHFL.</p>
7	A copy of the valuation or other external party report, if any such report has been relied upon;	Valuation Report dated October 13, 2022, issued by CA Ashok Mittal, IBBI Registered Valuer, Registration No. IBBI/RV/16/2022/14573 will be made available through the registered email address of the shareholder on receipt of request.
8	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;	# 245% (considering principle amount only)
9	Any other information that may be relevant	As per the draft Assignment Agreement and Servicing/Transition Agreement.

The Board recommends the Ordinary Resolution set forth in Item No. 1 above for approval of the shareholders

It is further clarified that none of the Directors, KMPs and/ or their respective relatives is in any way, concerned or interested, financially or otherwise in the Resolution mentioned above.

Item No. 2

Basis the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Bank at its meeting held on October 20, 2022 have appointed Mr. David Rasquinha (DIN: 01172654) as Additional Director (Independent Director) of the Bank, for a period of five years with effect from October 20, 2022 to October 19, 2027, subject to the approval of shareholders of the Bank. Pursuant to Regulation 17(1C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") approval of shareholders needs to be taken at the next general meeting or within a period of three months from the date of appointment, whichever is earlier.

Mr. Rasquinha was the former Managing Director and Chief Executive Officer of Export-Import Bank of India (EXIM Bank). He holds a Bachelor's degree in Economics from Bombay University, P.G. in Business Management from the XLRI, Jamshedpur where he was awarded the Gold Medal in Economics. He has also been recognised with the Distinguished Alumnus Award by XLRI. Profile of Mr. Rasquinha along with the information as required to be furnished under Secretarial Standards-2 is annexed as Annexure A with the notice.

The Bank has received declaration from Mr. David as per the provisions of section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") that he meets the criteria of independence under the Companies Act, 2013. Further, the Bank has also

received Mr. Rasquinha's consent to act as a Director in terms of section 152 of the Companies Act, 2013 and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013. He has confirmed that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to his registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs ('IICA').

In the opinion of the Board, Mr. David fulfils the criteria for his appointment as an Independent Director of the Company and is independent of the management and is a person of integrity and his appointment would be in the interest of the Bank. Further, Mr. Rasquinha has the requisite qualifications, skills, experience and expertise in the functional areas as prescribed under the Banking Regulation Act, 1949 which are beneficial to the Bank. In the opinion of the Board, Mr. Rasquinha meets the fit and proper criteria and has the necessary knowledge and experience for being appointed as an Independent Director and his guidance will be extremely helpful to the Bank over the period. Ms. Rasquinha's appointment is in compliance with the provisions of section 149 of the Companies Act, 2013 and Section 10A of the Banking Regulation Act, 1949. The Bank has received Notice under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Independent Director.

Draft letter of appointment setting out the terms and conditions of his appointment is available for inspection by the Members without any fees at the Registered Office and Corporate Office of the Bank between 11:00 a.m. and 01:00 p.m. on all working days except Saturdays and terms and conditions of appointment of independent directors has also been uploaded on the Company's Website i.e. <https://theunitybank.com>.

The Board recommends the Special Resolution set forth in Item No.2 above for approval of the shareholders

Except Mr. David Rasquinha, none of the other Directors and Key Managerial Personnel of the Bank and their relatives are concerned or interested, financially or otherwise, in passing of the resolution.

For Unity Small Finance Bank Limited

Archana Goyal
Company Secretary

Place: Mumbai
Date: 24/11/2022

ANNEXURE A

Information as required to be furnished pursuant to Secretarial Standards-2

Name of Director	David Rasquinha
Director Identification Number	01172654
Category and date on first appointment on Board	October 20,2022 Independent Director in capacity of Additional Director
Date of Birth and Age	01-06-1961 (Age 61 years)
Qualification	David secured a first class graduate degree in Economics from Bombay University and followed it up with a post graduate qualification in Business Management from the XLRI, Jamshedpur where he was awarded the Gold Medal in Economics. He has also been recognised with the Distinguished Alumnus Award by XLRI.
Experience/Expertise	Over 38 years of experience.
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid and the remuneration last drawn by such person	Appointment as an Independent Director, not liable to retire by rotation, for a term of 5 years with effect from October 20,2022 Remuneration includes Sitting fees, and reimbursement of expenses for attending Board and Board committee meetings as per Articles of Association of the Bank, as may be approved by the Board from time to time in accordance with the applicable law
Number of Meetings of the Board attended during the year and Membership/Chairmanship of Committees of other Boards	No of meetings attended: One (on October 20, 2022) Membership/Chairmanship of Committees of other Boards: AFCONS INFRASTRUCTURE LIMITED – Director, Audit committee and Nomination & remuneration Committee– Member
Relationship with other Directors, Manager and other Key Managerial Personnel of the company.	Mr. David Rasquinha is not related to any other Director or Key Managerial Personnel of the Bank
Shareholding in the company	Nil

UNITY SMALL FINANCE BANK LIMITED

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FORM NO.MGT- 11 PROXY FORM

(Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014.

Name of the Member(s)	
Registered Address	
Email ID	
DP ID Client id/Folio No.	

I/We _____ of _____ being a Member/ Members of the above-named Company, hereby appoint:

1. Name: _____ Address: _____

Email ID: _____ Signature: _____, or failing him/or
2. Name: _____ Address: _____

Email ID: _____ Signature: _____, or failing him/or
3. Name: _____ Address: _____

Email ID: _____ Signature: _____, or failing him/or

as my/our Proxy to attend and vote (on a Poll) for me/us and on my/our behalf at the Extra ordinary General Meeting of the Company, to be held on Monday, November 28, 2022 at 11:00 AM and at any adjournment thereof in respect of such resolution as are indicated below:

Agenda Items	Title	For/Against*
1	To approve sale of housing book of the Bank to Centrum Housing Finance Limited which will be a Material Related Party Transaction.	
2	To approve the appointment of Mr. David Rasquinha (DIN: 01172654) as an Independent Director of the Bank	

Signed this _____ day of _____ 2022.

Signature of the Shareholder: _____

Signature of the Proxy holder(s): _____

Affix
Revenue
Stamp

Notes:

1. This Form of the proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolution, explanatory statement and notes please refer to the Notice of the Extra ordinary General Meeting.

3. A proxy need not be a member of the Company.
4. A person can act as a proxy on behalf of the members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company carry voting rights.
5. If a member holding more than 10% of the total share capital carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other member.
6. *This is optional please - In case of members wishes his/her vote to be used differently, he/she should indicate the number of shares and his vote preference under the column "For/Against*". In case the members leaves the column(s) blank, the proxy will be entitled to vote in the manner he/she thinks appropriate.

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ATTENDANCE SLIP
EXTRA ORDINARY GENERAL MEETING

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE

Joint shareholders may obtain additional Attendance Slip at the venue of the Meeting.

Reference Folio No. /DP ID & Client ID: _____

Number of Shares: _____

Name and Address: _____

I certify that I am a member/proxy for the member of the Company.

I hereby record my presence at the Extra Ordinary General Meeting of the Company held on Monday, November 28, 2022 at 11:00 a.m. at Centrum House, C.S.T. Road, Vidyanagari Marg, Kalina, Santacruz (east), Mumbai – 400 098.

Signature of Member/Proxy

(Name in BLOCK letters)

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

Shareholder's Meeting Venue Route Map

Address: UNITY SMALL FINANCE BANK LIMITED; CENTRUM HOUSE, C.S.T. ROAD, VIDYANAGARI MARG, KALINA, SANTACRUZ (EAST), MUMBAI – 400 098

