

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 [Q1/01/2022-23] of UNITY SMALL FINANCE BANK LIMITED will be held on Monday, June 13, 2022 at 1.00 P.M. at a shorter notice at Centrum House, C.S.T. Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai – 400 098 to transact the following Special business.

SPECIAL BUSINESS:**TO CONSIDER AND APPROVE “UNITY BANK EMPLOYEE STOCK OPTION SCHEME 2022”**

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

“RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, the RBI Regulations as may be applicable, the Memorandum and Articles of Association of the Bank, and subject further to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Reserve Bank of India, if any while granting such approvals, permissions and sanctions, the approval of the members of the Bank be and is hereby accorded for the introduction of “Unity Bank Employee Stock Option Scheme 2022” (**“Scheme”**) authorizing the Board of Directors of the Bank (*hereinafter referred to as the “Board” which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution* to create, issue and grant not exceeding 3,52,45,098 (Three Crore Fifty Two Lakhs Forty Five Thousand and Ninety Eight) employee stock Options (**“Options”**) thereunder, in one or more tranches, from time to time, to the eligible permanent employees including Whole Time Director/s or Executive Director/s of the Bank (other than the employee who is promoter or person belonging to the promoter group, independent directors of the Bank and directors holding directly or indirectly more than 10% of the outstanding equity shares of the Bank), which upon exercise shall not exceed in aggregate 3,52,45,098 (Three Crore Fifty Two Lakhs Forty Five Thousand and Ninety Eight) equity shares of face value of Rs. 10 each fully paid-up of the Bank, subject to such terms and conditions as may be determined in accordance with the provisions of the applicable laws.”

“RESOLVED FURTHER THAT the Board of Directors of the Bank (*hereinafter referred to as the “Board” which term shall be deemed to include the Nomination and Remuneration Committee of Directors which has been duly constituted by the Board, under section 178 of Companies Act 2013, including the powers conferred by this resolution*) be and is hereby authorized for the purpose of giving effect to this resolution including creation, offer, grant of employee stock Options under the Scheme, issue and allot upon exercise of employee stock Options, to do all such acts, deeds, matters and things to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board and/or the Nomination and Remuneration Committee to secure any further consent or approval of the members of the Bank.”

“RESOLVED FURTHER THAT the equity shares so issued and allotted as mentioned hereinbefore shall rank *pari passu* with the then existing equity shares of the Bank.”

“RESOLVED FURTHER THAT in case the equity shares of the Bank are either sub-divided or consolidated, then the number of equity shares to be allotted and to the extent allowed. exercise price payable by the grantees under the Scheme shall automatically stand revised, augmented or reduced in the same proportion as the present face value of Rs. 10 (Rupees Ten) per equity share bears to the revised face value of the equity shares of the Bank after such consolidation or sub-division, without affecting any other rights or obligations of the said grantees.”

“RESOLVED FURTHER THAT the Bank shall conform to the accounting policies prescribed from time to time under applicable laws to the extent relevant and applicable to the Scheme.”

“RESOLVED FURTHER THAT the the Board/ Nomination and Remuneration Committee be and is hereby authorized to do all such acts, deeds, and things, as may, at its absolute discretion, deems necessary, including but not limited to, authorizing or directing to appoint such appropriate agencies, if required, being incidental to the effective implementation and administration of Scheme as also to make applications to the appropriate authorities, parties and the institutions for their requisite approvals and all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts whatsoever which may arise and take all such steps and decisions in this regard.”

**By Order of the Board of Directors
For Unity Small Finance Bank Limited**

**Sd/-
Archana Goyal
Company Secretary**

**Place: Mumbai
Date: 11/06/2022**

NOTES:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the “Act”), in regard to the special business as set out in Item No. 1 above 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. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. The Register of Director’s Shareholding, Register of Contracts are available for inspection by the members at the registered office of the Company.
7. 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**

**Sd/-
Archana Goyal
Company Secretary**

Place: Mumbai
Date: 11/06/2022

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 June 11, 2022.

Item No. 1:

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives. It is thought expedient to attract and retain key management personnel including Director(s) whether whole-time or not, of the Bank (hereinafter referred to as “**Employees**”) with a view to achieve and maintain sustained corporate growth and profitability. At the same time, it is essential to motivate and incentivize such Employees for their hard work, dedication, and commitment. With a view to achieve these objectives, your Bank intends to implement ‘**Unity Bank Employee Stock Option Scheme 2022**’ (“**Scheme**”) which issuing employee stock Options (“**Options**”) with salient features explained below, to the employees and Directors of the Bank.

Accordingly, the Nomination and Remuneration Committee of the Board (“**Committee**”) and the Board of the Bank (“**Board**”) at their meetings held May 13, 2022 and May 30, 2022 had approved the Scheme subject to your approval.

The main features of the Scheme are as under:

a. Total number of Options to be granted

The total number of Options to be granted under the Scheme shall not exceed 3,52,45,098 (Three Crore Fifty Two Lakhs Forty Five Thousand and Ninety Eight) which upon exercise shall be convertible into not 3,52,45,098 (Three Crore Fifty Two Lakhs Forty Five Thousand and Ninety Eight) equity shares of the Bank of Rs. 10 each fully paid up.

b. Identification of classes of employees entitled to participate in the Scheme

Subject to final determination by the Committee, a permanent employee of the Bank, working in or out of India, or a whole-time or executive directors of the Bank, shall be eligible to participate in the Scheme. However, following persons shall not be eligible. Further, Committee shall prescribe appraisal process (in consultation with the Bank’s Human Resources Department, if required) for the purpose of identifying the eligible Employees for grant under the Scheme.

- (i) An employee, who is a promoter or belongs to the promoter group;
- (ii) An independent director of the Bank; and
- (iii) Any such director who either by himself or through his relatives or through any body-corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Bank.

c. Requirements of vesting and period of vesting

The Options granted shall vest so long as the employee continues to be in the employment of the Bank. The Committee may, at its discretion, lay down certain performance metrics on the achievement of which the granted Options would vest, the detailed terms and conditions relating to such performance-based vesting and the proportion in which Options granted would vest (subject to the maximum vesting period as specified below).

The Options would vest not earlier than 1 (One) year and not later than maximum of 5 (Five) years from the date of grant of Options.

The Committee may, shorten or otherwise vary the vesting period from time to time, for the separate individual grants under the Scheme in accordance with the applicable laws and in the interest of the option grantee subject to maximum vesting period stated above.

d. Maximum period within which the Options shall be vested

All the Options would vest not later than a maximum of **5 (Five) years** from the date of grant of Options as determined by the Committee.

e. Exercise price or pricing formula

1. The Exercise Price shall be Rs. 15/- for the eligible employees who were on payroll as of December 31, 2021.
2. For subsequent grants during FY 2022-23, the exercise price shall be Rs. 21.59 (price at which equity shares were issued to RIPL).
3. For all future grants the price will be determined by the Nomination and Remuneration Committee subject to the price not being lower than Face Value or higher than Fair Market Value (FMV) as per the last audited financials of the Bank.

f. Exercise period and the process of Exercise

Exercise period shall be maximum of **5 (Five) years** from the date of Vesting.

The vested option shall be exercisable by the employees by a written application to the Bank expressing his/ her desire to exercise such Options in such manner and on such format as may be prescribed by the Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

g. Lock in period, if any

Shares allotted under the Scheme shall not be subject to any lock-in period.

h. Maximum number of Options to be issued per employee and in aggregate

Total number of Options that may be granted per employee and in aggregate under the Scheme shall be less than one percent of issued capital (excluding outstanding warrants and conversions) of the Bank or as specified or determined, from time to time as per the Comprehensive Compensation Policy of the Bank.

i. Method of option valuation

The Bank will adopt the fair value method for valuation of Options. Notwithstanding the above, the Bank may adopt any other method as may be required under prevailing applicable laws.

j. The conditions under which Options vested in employees may lapse:

The vested Options shall lapse in case of termination of employment due to cause or due to breach of Company policies or the terms of employment. Further, irrespective of employment status, in case vested Options are not exercised within the prescribed exercise period, then such vested Options shall lapse.

k. The specified time period within which the employee shall exercise the vested Options in the event of a proposed termination of employment or resignation or retirement of employee:

In case of termination of employment due to cause, all the vested Options shall lapse and cannot be exercised.

In case of resignation/ termination (other than due to misconduct), all the vested Options as on the date of submission of notice of resignation/ termination can be exercised by the Option Grantee in no event later than **2 (Two) months** from the date of such resignation / termination or before the expiry of the Exercise Period, whichever is earlier.

In the case of retirement or termination of employment due to death or permanent incapacity of the option grantee, all vested Options can be exercised by the option grantee or its nominees or legal heirs immediately after, but in no event later than **12 (twelve) months** from the date of retirement or death or permanent incapacity of the Option Grantee, or before the expiry of the Exercise Period, whichever is later.

l. Accounting and Disclosure Policies

The Bank shall follow the Guidance Note on accounting for employee share-based payments and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India or any other competent authority from time to time, including the disclosure requirements prescribed therein, in due compliance.

m. Declaration

In case the Bank opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options and the impact of this difference on profits and on Earning Per Share ("EPS") of the Bank shall also be disclosed in the Directors' report.

A draft copy of the Scheme is available for inspection at the Bank's Registered Office / Corporate Office during official hours on all working days (excluding Saturdays, Sundays and Holidays) till June 13, 2022.

Except as stated, none of the Directors / Key Managerial Personnel of the Bank / their relatives are in any way concerned or interested in the resolutions, except to the extent any one or more of them may participate legally under the Scheme.

In light of above, it is recommended to accord your approval to the Special Resolution as set out at Agenda Item No.1 of the accompanying notice for the approval for the members.

For Unity Small Finance Bank Limited

Sd/-

Archana Goyal
Company Secretary

Place: Mumbai

Date: 11/06/2022

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

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:

- Name: _____

Address: _____

Email ID: _____

Signature: _____, or failing him/or
- Name: _____

Address: _____

Email ID: _____

Signature: _____, or failing him/or
- 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, June 13, 2022 at 1:00 PM and at any adjournment thereof in respect of such resolution as are indicated below:

Agenda Items	Title	For/Against*
1	TO CONSIDER AND APPROVE "UNITY BANK EMPLOYEE STOCK OPTION SCHEME 2022"	

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. In case of Joint holder, the vote of the senior who tender as vote, whether in person or by proxy, shall be accepted to the exclusion to the vote of other joint holders. Seniority shall be determined by the order in which the name stand in the register of members.
7. *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, June 13, 2022 at 01:00 PM 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

