

SCHEME OF AMALGAMATION

Agroha Co-operative Urban Bank Ltd., With The Agrasen Co-operative Urban Bank Ltd.,

CHAPTER – 1

DESCRIPTION OF PARTIES TO THE SCHEME AND INTENT

1. DESCRIPTION OF PARTIES

- 1.1. Agroha Co-operative Urban Bank Ltd., (Agroha CUB) a Co-operative Bank, having its Registered / Head Office at 2nd Floor, D.No.21-1-974, Opp to High Court, Ghansi Bazar, Hyderabad-500002 Telangana (hereinafter referred to as the "**Amalgamated Bank**"). The Amalgamated Bank is registered under the provisions of Telangana Co-operative Societies Act, 1964 (as amended, repealed, and altered from time to time) and granted a license to carry on banking business in India under the provisions of the Banking Regulation Act, 1949 ("**BR Act**") by the Reserve Bank of India .
- 1.2. The Agrasen Co-operative Urban Bank Ltd., (Agrasen CUB) a Co-operative Bank having its Registered / Head Office at 15-2-391/392/1, Siddiamber Bazar, Hyderabad – 500012, Telangana (hereinafter referred to as the "**Amalgamating Bank**"). The Amalgamating Bank is registered under the provisions of Telangana Co-operative Societies Act, 1964 (as amended, repealed, and altered from time to time) and granted a license to carry on banking business, under the provisions of the BR Act, 1949 ("**BR Act**") by the Reserve Bank of India.

(Both the Amalgamated Bank and Amalgamating Bank hereinafter shall be collectively referred to as "**Parties**" and independently as "**Party**").

This scheme is presented for the amalgamation of Amalgamated Bank with the Amalgamating Bank and the consequent dissolution of the Amalgamated Bank (the "Amalgamation") without winding up (hereinafter referred to as the "**Scheme**").

2. BACKGROUND AND RATIONALE FOR SCHEME

- 2.1. Both the Amalgamated Bank and Amalgamating Bank are in the business of co-operative banking for a long time. To cope up with the current needs of economy, market and regulatory requirements, both the Parties believe that this Amalgamation may prove as the effective way of combining competitive skills of both the Parties and boost the overall working in synergetic way. The Amalgamation pursuant to this Scheme would, inter alia, have the following benefits:

- (a) Leveraging of the significant complementarities that exist between the parties hereto;

- (b) Meaningful value to various stakeholders including respective shareholders, customers, employees, as the combined business would benefit from increased scale, wider product diversification, diversified Balance Sheet and the ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies amongst others;
 - (c) Increased scale of Balance Sheet and loan assets as the loan book will stand merged;
 - (d) Diversification of the merged loan book;
 - (e) Consolidation of services being offered; and
 - (f) Bolstering the Capital base and Balance Sheet.
- 2.2. Accordingly, to achieve the above mentioned benefits, the Board of Directors ("Board") of both the Parties have decided to formulate this Scheme and make requisite applications before Reserve Bank of India regulating the working of the Parties. This Scheme is formulated pursuant to the Master Direction No. DOR.MAM.No.49/09.16.901/2021 dated 23rd March 2021 issued by the Reserve Bank of India (RBI).

The Amalgamated Bank is having positive Net Worth and Amalgamating Bank assures to protect entire deposits of all the depositors of Amalgamated Bank, through this Scheme.

The Scheme also provides for various other matters consequential, incidental or otherwise integrally connected therewith.

3. DEFINITIONS

"Appointed Date" shall mean the date-on which the shareholders of both the Parties give their approval for the Scheme.

"Deposit" means savings, current, cash certificate, fixed deposit, security deposit and deposit kept under any deposit scheme by whatever name called.

"Effective Date" shall mean date on which all the conditions precedent occur/fulfilled/waived off and all the approvals/orders as required under the provision of applicable laws/direction from RBI or any other competent authorities are received by the Parties to the Scheme for effecting the Amalgamation or any date as may be referred by any such competent authority while granting such approval/order of Amalgamation.

"Employee" means a person/persons Physically working in branches/regions/ departments/head office or any other office so called, as on the date of appointed date,

and whose names are enrolled full time employee in muster rolls & wage bills of the Amalgamated Bank.

"Loans" means any secured or unsecured/performing or non-performing advances such as term loan, cash credit, overdraft, bill discounting, cheque discounting, bill purchase, funded/non-funded facilities and such other facility.

"Period of Transition" means the period between Appointed Date and Effective Date.

"Said Assets" shall mean the entire undertaking, the entire business, all the properties whether movable or immovable, tangible or intangible, intellectual assets, furniture & fixtures, all types of vehicles, Investments of all kinds, all cash balances with the RBI and other banks, money at call and short notice, loans advances, contingent rights or benefits, deposits (made with any authority or person whatsoever), lease and hire purchase contracts and assets, receivables, securitized assets, benefit of assets or properties or other interest held in trust, tenancies, leases, licenses, fixed assets and other assets, powers, consents, registrations, exemptions, waivers of all kinds and where so ever situated belonging to, or enjoyed by the Amalgamated Bank or to which the Amalgamated Bank may be entitled, rights to use and avail of telephones, facsimile, servers, cloud system, email, Internet, electricity, Point of Sale and other services in connection with or relating to the Amalgamated Bank and all other interest of whatsoever nature belonging to or enjoyed by the Amalgamated Bank, as on the Effective Date.

"Said Liabilities" shall mean all debts, demand deposits, savings bank deposits, term deposits, time and demand liabilities, rupee borrowings, bills payable, Interest accrued, capital reserves and surpluses whether statutory or not and all other known liabilities including contingent liabilities, duties, undertakings and obligations of the Amalgamated Bank as on the Effective Date.

"Swap Value" means value of a share that remains after adjustment of all liabilities and Losses or the value of share exchange derived after considering the Net Worth and other financial parameters of both Parties.

CHAPTER-II

TRANSFER AND VESTING OF SAID ASSETS & SAID LIABILITIES AND UNDERTAKING:

1. TRANSFER OF SAID ASSETS AND SAID LIABILITIES AND GENERAL EFFECT THEREOF:

- 1.1. On and from the Effective Date, all rights, powers, claims, demands, Interests, authorities, privileges, benefits, assets and properties of the Amalgamated Bank, movable and immovable, including premises subject to all incidents of tenure and to the rents and other sums of money and covenants reserved or contained in the leases or agreements under which they are held, all office furniture & fixtures, loose equipment's, plant apparatus and appliances, all computers, servers, printers, UPS, telephone, other electronic equipment's, all two/three/four wheeler vehicles, books,

papers, stocks of stationery, other stocks and stores, all investments in stocks, shares and securities, all bills receivable in hand and in transit, all cash in hand and in current or deposit accounts (including money at call or short notice) with banks, bullion, all book debts, mortgage debts and other debts with the benefits of securities, or any guarantee therefore, all other, if any, property rights and assets, properties and assets acquired, benefit of all guarantees in connection, with the business of the Amalgamated Bank etc., shall without requiring any deed or instrument of conveyance for the same, subject to other provisions of the Scheme, on-going concern basis, stand transferred to, and become the properties and assets of the Amalgamating Bank; and on and from the effective date, all the liabilities, duties and obligations of the Amalgamated Bank shall be and shall become the liabilities, duties and obligations of the Amalgamating Bank to the extent and in the manner provided hereinafter.

1.2. Without prejudice to the generality of the foregoing provisions, all licenses/registrations, permissions, grants, subsidies, authorizations, certificates of the branches, regions, etc, received from RBI, registration certificates, lease agreements and other licenses from State Government or other competent authorities, contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and other instruments of whatever nature subsisting or having effect Immediately before the Effective Date shall be effective to the extent and in the manner hereinafter provided against or in favor of the Amalgamating Bank and may be acted upon as if Instead of the Amalgamated Bank, the Amalgamating Bank had been a party thereto or as if they had been issued in favor of the Amalgamating Bank.

1.3. If on the Effective Date any suit, appeal or other legal proceedings of whatever nature by or against the Amalgamated Bank is pending, the same shall not abate, or be discontinued or be in any way prejudicially affected, but shall, subject to other provisions of the Scheme, be prosecuted and enforced by or against the Amalgamating Bank. Provided that where a contravention of any of the provisions of any act or of any rule, regulation, direction or order made there under has been committed by, and any proceeding for a criminal offence or any action has already been Instituted against a director or secretary, manager, officer or other employee of the Amalgamated Bank before the Effective Date, such director, secretary, manager, officer or other employee shall, without prejudice to the application of section 6 of the General Clauses Act, 1897 (10 of 1897), be liable to be proceeded against under such law and punished accordingly as if the Amalgamated Bank, being a banking society had not been dissolved.

All the powers of attorney, letter of authorizations or similar instruments executed by the Amalgamated Bank shall, with effect from the Effective Date abate.

1.4. It will be a prime responsibility of the Board and/or Chief Executive Officer of the Amalgamated Bank to disclose all types of liabilities and material Information which

may affect this Scheme to the Amalgamating Bank. Further, it will also be their responsibility to disclose to the Amalgamating Bank before the Effective Date, about any issue pertaining to disciplinary action against any of its employee, or any litigation against any property of the Amalgamated Bank or any property of borrowers etc., attached by the Amalgamated Bank towards recovery procedures, or any contingent liability that may arise in future, or any civil or criminal proceedings pending with any Court or legal forum or RBI or any other authority against any members of the Board of the Amalgamated Bank.

2. BOARD OF DIRECTORS:

- 2.1. The Board of the Amalgamated Bank shall stand dissolved on the Effective Date and the management of the Amalgamated Bank will be governed and administered by the Board and the management of the Amalgamating Bank only.

No Directors / Ex-directors and the members of the senior management of the Amalgamated Bank shall be taken on Board of the Amalgamating Bank. In other words, the above-mentioned authorities of the Amalgamated Bank will cease to hold their respective positions from the Effective Date.

- 2.2. The Balance Sheet and the Profit and Loss Account of the Amalgamated Bank just at the close of the business hours of the day immediately preceding the Effective Date will be authenticated by signing the same by at least two directors and the Chairman of the Board, the CEO or the Administrative Head of Accounts of the Amalgamated Bank.
- 2.3. The Board of Amalgamated Bank shall pass such resolutions that are necessary for the purposes of passing entries warranting true and fair presentation of the financial statements of the Amalgamated Bank as on the day immediately preceding the Effective Date.

3. CLOSURE OF BOOKS OF THE AMALGAMATED BANK AND PREPARATION OF BALANCE SHEET:

- 3.1. The books of the Amalgamated Bank shall be closed and balanced and Balance Sheet and Profit & Loss account prepared as at the close of business on the date immediately preceding the Effective Date and the Balance Sheet and Profit & Loss account duly certified by the Board of Amalgamated Bank as stated in Clause 2.2 of Chapter II shall be got audited and certified by a Chartered Accountant or a firm of Chartered Accountants approved by the Amalgamated Bank. The said Balance

Sheet and Profit & Loss Account of the Amalgamated Bank prior to the Amalgamation shall be placed before the Board of the Amalgamating Bank for its approval and sanction in its first meeting after the Effective Date.

3.2. The Amalgamating Bank shall be liable for liabilities only to the extent of amount shown in certified Balance Sheet as stated under Clause 3.1. of Chapter II.

3.3. The Amalgamating Bank shall submit a copy of the merged Balance Sheet along with copy of the final Balance Sheet of the Amalgamated Bank (duly audited & approved as mentioned in clause 3.1 above) to the RBI and the Registrar of Co-op. Societies, Telangana State and thereafter, the Amalgamated Bank shall not be required to prepare Balance Sheet or Profit & Loss Accounts, or to lay the same before its members or file copies thereof with the Registrar of Co-Operative Societies/State Registrar or to hold any Board Meeting or Annual General Meeting for the purpose of considering the Balance Sheet and Accounts or for any other purpose or to comply with the relevant provisions of the Telangana Co-operative Societies Act, 1964 and/or Bye-laws of the Amalgamated Bank and it shall not thereafter be necessary for the Board of the Amalgamated Bank to meet as required under provisions of the Telangana Cooperative Societies Act, 1964 and/or Bye-laws of the Amalgamated Bank.

4. VALUATION OF ASSETS AND DETERMINATION OF LIABILITIES:

In consideration of the transfer of the property and the assets of the Amalgamated Bank to the Amalgamating Bank, the Amalgamating Bank shall discharge the liabilities of the Amalgamated Bank to the extent mentioned in this and the succeeding paragraphs.

4.1. The Amalgamating Bank, in consultation with the Amalgamated Bank has carried out a 'Due Diligence' to arrive at the realizable value of assets and ascertain the liabilities of the Amalgamated Bank, and have agreed as under:

- i) **Investments:** The Investments of the amalgamated Bank are incorporated in the books of the amalgamating Bank at book value on the effective date.
- ii) **Loans & Advances:** Loans & Advances including bills purchased and discounted, book debts along with corresponding provisions held by the Amalgamated Bank under its reserves will be taken at book value on the effective date.
- iii) **Liabilities:**
 - (a) All the liabilities including demand and time deposits on the effective date will be valued at book value.

- (b) The valuation of the assets and the determination of the liabilities, including off-balance sheet items, in accordance with the foregoing provisions shall be binding on both the Parties and the members and creditors thereof.
- iv) **Properties:** Premises and all other immovable properties and any other movable or Immovable assets acquired in satisfaction of claims shall be valued at the written down value as per books.
- v) **Furniture and Fixtures:** Furniture and fixtures, two/three/four wheeler vehicles, stationary in stock and other assets, if any, shall be valued at the written down value as per books.
- vi) **Securities:**
 - (a) All physical securities held by the Amalgamated Bank shall be handed over to the Amalgamating Bank along with transfer form duly signed by the authorized persons of the Amalgamated Bank thereon on the Effective Date.
 - (b) All the securities if electronically held (In SGL / CSGl Account) by the Amalgamated Bank shall be transferred to the SGL / CSGl Account of the Amalgamating Bank by Value Free Transfer.
 - (c) All securities held by Amalgamated Bank will be valued at Book Value on the Effective Date.
 - (d) The securities, properties, tangible assets either mortgaged in the name of the Amalgamated Bank or physically held by the Amalgamated Bank or acquired by the Amalgamated Bank shall be deemed to have been held by the Amalgamating Bank with effect from the Effective Date.

5. EXCHANGE OF SHARES:

- 5.1. As per Swap Ratio, for 1 Share held in Amalgamated Bank (Agroha CUB) will be entitled to get 1 share of Amalgamating Bank (Agrasen CUB). The Amalgamating Bank (Agrasen CUB) has agreed to allot 1 share of Amalgamating Bank (Agrasen CUB) for 1 share of Amalgamated Bank (Agroha CUB). Therefore the Amalgamating Bank (Agrasen CUB) shall allot shares in proportion to the amount of Share Capital held by those members, in accordance with the Bye-Laws of Amalgamating Bank (Agrasen CUB), i.e., for one share of Amalgamated Bank (Agroha CUB) of the face value of Rs.100/-, will be allotted 1 share of Amalgamating Bank (Agrasen CUB) of face value of Rs.100/- each.

As per primary due diligence, net worth of Amalgamated Bank & Amalgamating Bank, swap ratio according to the same and other relevant details are annexed herewith as **Annexure A**.

Notwithstanding anything contained in this Scheme, the exchange ratio shall always be subject to the approval of the Reserve Bank of India.

- 5.2. Upon the New Shares being issued and allotted to the shareholders of amalgamated bank, the shares held by the said Members of amalgamated bank, whether in the physical form or in the dematerialized form, shall be deemed to have been automatically cancelled and be of no effect, without any further act, deed or instrument.
- 5.3. As there are no dissenting members of Amalgamated and Amalgamating Banks, with the scheme of amalgamation, All the shareholders holding i.e., 100% of the face value of the shares of the amalgamated Bank, will become the shareholders of the Amalgamating Bank by virtue of the amalgamation.

CHAPTER-III

PAYMENT TO CREDITORS AND DEPOSITORS

i) DISCHARGE OF LIABILITY OF THE AMALGAMATED BANK:

- 1) In respect of every savings bank account or current account or any other deposit account including a fixed deposit, cash certificate, monthly deposit, deposit payable at call or short notice or any other deposits by whatever name called with the Amalgamated Bank, the Amalgamating Bank shall open with itself on the Effective Date a corresponding and similar account in the name of the respective holder(s) thereof crediting thereto full amount.
- 2) In respect of every other liability of the Amalgamated Bank, determined if any under the Scheme and/or incorporated in the Due Diligence Report, the Amalgamating Bank shall pay to the-creditors the amount of such liability as and when it shall fall due.
- 3) In respect of all interest bearing time deposit accounts as on the Effective Date, the Amalgamating Bank shall pay interest @ contracted rate till the maturity of such deposit accounts. After the maturity of the said deposit accounts, Interest payable will be calculated as per the prevailing interest rate structure of the Amalgamating Bank.
- 4) In respect of all savings deposit accounts as on the Effective Date, the Amalgamating Bank shall pay interest as per the prevailing interest rate of the Amalgamating Bank.

ii) KYC

- 1) All deposits, including savings and current deposits, subsequent to Amalgamation shall be governed by the rules of the Amalgamating Bank applicable to deposits. Before issuance of fresh deposit certificates or pass books, the depositor will comply with the required KYC norms specified by the Reserve Bank of India.
- 2) In the event of any reasonable doubt about the correctness of the entries made in any particular account of a depositor of the Amalgamated Bank, whether live or matured either before or after the Effective Date, the Amalgamating Bank may withhold credit/ payment to be made in that account till the Amalgamating Bank is able to ascertain the correctness of the balance and genuineness of the depositor.
- 3) The Amalgamated Bank shall make all necessary efforts to regularize or rectify the violations of KYC Norms that has already occurred. Wherever, the Amalgamated Bank has not adhered to the Know Your Customer (KYC) norms, the Amalgamating Bank shall require adequate and reasonable time period for getting complied with the KYC norms before any payments are made against these deposits. In no case the Amalgamating Bank will effect the payment unless and until the KYC norms compliance is done in totality.
- 4) Each member of the Amalgamated Bank having any deposit with the Amalgamated Bank and seeking exemption of TDS deduction from interest earned on deposits shall on Amalgamation comply with all the KYC norms and such TDS exemption will be subject to provision of income Tax Rules and Acts as may be amended from time to time.
- 5) All the dormant/Inoperative accounts that are transferred from the Amalgamated Bank to Amalgamating Bank shall be dealt with the procedure of the then existing KYC Guidelines of RBI and standard operating procedure of the Amalgamating Bank. During the Period of Transition, Amalgamated Bank shall take all endeavors to revive such dormant/Inoperative accounts.

iii) Loans & Advances:

- 1) In respect of all types of interest bearing loans (such as term loan, cash credit, overdraft, and any other facilities so called and either secured or unsecured) the Amalgamating Bank will charge interest at contracted rate till the maturity of the loan facility.

All the borrowers of Amalgamated Bank, whose loans are standard assets, will be given option to switch to the new interest rate of the Amalgamating Bank. In case of those borrowers of the Amalgamated Bank whose loans are 'performing assets' (vide income Recognition & Asset Classification Norms prescribed by RBI and updated from time to time), shall have an option to pay one time processing fee at 0.50% plus GST as applicable from time to time, on outstanding loan amount and get their loan

account converted for availing the benefits of prevailing interest rates of Amalgamating Bank, within 90 days from the date of notice/intimation.

If any borrower of the Amalgamated Bank does not make such application in writing along with requisite processing fees to take advantage of the rate of interest on loans of Amalgamating Bank, then the contracted rate of Amalgamated Bank shall be continued till the full repayment of their loans with interest. Conversion charges/ fees (processing fee) will be applicable to all loans except loan against FD/NSC/LIC policies.

- 2) (a) The Amalgamating Bank shall, in respect of the advances, bills purchased and discounted, book debts and sundry debts and other assets which are obtained at "Advances considered not realizable and/or Bad & Doubtful" or which are or may be realizable wholly or partly after the Effective Date, take all available steps having regard to the circumstances of each case to demand and enforce payment and may:
 - (i) Enter into a compromise settlement of all such debts including an O.T.S. and or restructuring on such terms and conditions as may deem fit with the borrowers or any other person or write off any such debt or asset.
 - (ii) Sell or otherwise dispose of any securities transferred to it or any asset taken over by it.
 - (b) The Amalgamating Bank shall, in addition, take all available steps having regard to the circumstances of each case to demand and enforce the payment of the amounts, if any, awarded as damages by the Commissioner for Cooperation and Registrar of Cooperative Societies, Telangana State/ The Central Registrar of Cooperative Societies, Ministry of Cooperation, Government of India, New Delhi, or a Civil Court against any promoter, director manager or other officer of the Amalgamated Bank.
 - (c) The Amalgamating Bank may, out of the realization effected by it on account of the items mentioned in clause 2(a) & 2(b) above, make payment or provision in respect of any contingent liability to the extent the provision made therefore under paragraph 2(a)(i) proves to be inadequate, as also, In respect of any liability whether contingent or absolute which was not assessed in terms of clause 1.1 of Chapter-II above and has arisen or been discovered on or after Effective Date.
 - (d) The Amalgamating Bank shall, out of the realization effected by it on account of the items mentioned in clauses 2(a) & 2(b) above, after deducting there from the expenditure incurred for the purpose, such other expenses as may be available from out of the provisions in respect of contingent liabilities as reckoned for the purpose of this scheme after the extent of such liabilities has finally been ascertained.
3. The classification of loans and treatment of NPAs of amalgamated Bank as on effective date shall be continued and treated by amalgamating bank, as per IRAC norms of Reserve Bank of India from time to time.

CHAPTER – IV

RIGHTS AND LIABILITIES OF THE MEMBERS OF THE AMALGAMATED BANK:

- 1.1 The net-worth of the Amalgamated Bank shall be finally ascertained through the auditors appointed by the general body of Amalgamated Bank as on the last working day prior to the Effective Date. This will have to be done also in order to prepare the final Balance Sheet and Profit & Loss A/c of the Amalgamated Bank.
- 1.2 In case the net-worth as on the last working day of the Amalgamated Bank is found to be 'positive' in the Due Diligence Report and-
- (a) If the net-worth is 'positive' to the extent of share capital, then the 'shareholders of the Amalgamated Bank will be entitled to get full refund of their respective share contribution in the Amalgamated Bank, without any interest / dividend from the Amalgamating Bank.
 - (b) If the net worth is 'positive' but it is less than total share capital amount, then the shareholders of the Amalgamated Bank will be entitled to get refund of such depreciated price of their individual shareholding from the Amalgamating Bank.
 - (c) Refund of share capital in respect of (a) & (b) above shall be made within 90 days from the date of notice/intimation. However, original share certificates given by the Amalgamated Bank will have to be surrendered along with valid KYC documents for claiming refund of share money. If such original share certificate is not produced to claim refund, the member of the Amalgamated Bank will have to adhere to the prescribed norms and procedures of Amalgamating Bank to claim such refund.
 - (d) In the event of members who are not claiming the refund of share contribution they will be entitled to the shares of Amalgamating bank as per Clause 5 of Chapter II, within a period of 6 months from Effective Date after due compliance of KYC.
 - (e) Shareholders of Amalgamated Bank who are not assenting to the Scheme shall be entitled to claim refund within 3 months of sanction, in the event of the Scheme being sanctioned by RBI, at the value as per the Scheme sanctioned by RBI. However If certain shareholders who have subscribed to shares as linkage with borrowing have outstanding dues in respect of credit facilities availed, such shareholders will become entitled for refund of the value only after full and final settlement of his/her dues.
 - (f) The shareholders of the Amalgamated Bank will cease to hold their position as the members of the Amalgamated Bank and shall not be granted shares of the Amalgamating Bank and thus, will not hold any rights of whatsoever nature as those which are held by the shareholders of the Amalgamating Bank except the members who have accepted the shares of Amalgamating Bank as per Clause 5 of Chapter II.

- (g) The borrowers and guarantors, who are regular and/or nominal member of the Amalgamated Bank, shall be deemed to hold the respective position of the regular and/or nominal members of the Amalgamating Bank from the Effective Date.
- (h) In the event of any reasonable doubt about the correctness of the shares held, the Amalgamating Bank may withhold the refund/appropriation and or the repayment of the shares held in the Amalgamated Bank, until the Amalgamating Bank is able to ascertain the correctness of the shares held in the Amalgamated Bank.

1.3. The Amalgamated Bank shall give the detailed certified list of its shareholders along with the following details before the said date.

- a) The authorized share capital and the paid-up share capital.
- b) The face value of the shares.
- c) The name of each shareholder.
- d) The permanent address of the shareholder as per the records of the Amalgamated Bank.
- e) The number of shares held by him/her.
- f) The distinctive number of shares.
- g) The ledger folio.
- h) The fact that whether he/she is a borrower/guarantor or otherwise and
- i) Related loan account number.

1.4. Declaration of Dividends:

For the purpose of payment of dividend on the value of share capital, the rules in force of the Amalgamating bank will be applicable from the effective date issued by Amalgamating Bank, to the members, who will obtain new share certificates as per Clause 5 of Chapter II.

Amalgamated Bank shall be entitled to declare or pay dividends, to their respective shareholders in respect of the accounting period prior to the Effective Date, such that the total payout is broadly in line with past payout percentages in the ordinary course. Any declaration or payment of dividend inconsistent with past practice and outside the ordinary course shall be subject to the prior approval of the Board of Directors of Amalgamating Bank, and in accordance with applicable Law.

The dividend declared and unpaid if any before effective date, will be considered as dividend declared and unpaid by amalgamating Bank and will be paid to the members, against such member claim request along with valid KYC documents. Further if any dividend amount remains unpaid for three years and above from the date of declaration will be transferred to reserve fund as per the Telangana State Cooperative Societies Act, 1964 / bye-laws of the Agrasen CUB.

CHAPTER –V

ABOUT THE PAID AND WORKING EMPLOYEES OF THE AMALGAMATED BANK:

- 1.1. The Amalgamated Bank has assured the Amalgamating Bank that no labor cases either of retrenchment, termination, etc., are pending against the Amalgamated Bank till the date of signing of this Scheme.
- 1.2. All the permanent employees of the Amalgamated Bank will be absorbed by the Amalgamating Bank. The Employees will be entitled to the same remuneration/pay scale and shall be governed by the same terms and conditions at presently applicable to them in the Amalgamated Bank. The Minimum Pay Protection Plan will be applicable for existing salary structure of the Amalgamated Bank
- 1.3. The cadre and designations of employees of Amalgamated Bank shall be integrated in the cadre & designations in the Amalgamating Bank subject to their qualifications and eligibility.
- 1.4. The financial benefits as applicable to the employees of the Amalgamating Bank shall be made applicable to the Amalgamated Bank's employees for their remaining period of service, after one year from the effective date. The employees will be eligible for increment as per rules of the Amalgamating Bank.
- 1.5. On retirement of employees of Amalgamated Bank, the benefits as aggregated and transferred by the Amalgamated Bank (as explained in Para 1.4.) and the benefits as arrived (as explained in Para 1.5.) by the Amalgamating Bank will be settled/paid together at the time of retirement of such employees by the Amalgamating Bank.
- 1.6. The removed employees or retired or voluntarily retired employees of amalgamated bank will not be eligible to claim any reappointment or any other financial benefits against the Amalgamating Bank, except from the provisions already made by the Amalgamated bank for the liability of the removed employees/voluntarily retired/retired employees. And the Amalgamating Bank will not be liable to settle any claims and accounts of removed, voluntarily retired/retired employees of the Amalgamated Bank.

- 1.7. No claims of employees will be admitted by the Amalgamating Bank, for any benefits/services for the period pertaining to the Amalgamated Bank.
- 1.8. From the date of Scheme of Amalgamation the Amalgamated Bank shall not appoint new staff/employees, or promote, or transfer its staff & pay any incentives, bonus etc., without the consent of the amalgamating Bank.

1.9. VRS Scheme for Employees.

If VRS scheme for employees is implemented by Amalgamating Bank for Amalgamated Bank employees it will be a financial burden on Amalgamating Bank and if the VRS scheme is implemented by Amalgamated Bank for its own employees it will be a financial burden on Amalgamated Bank.

- 1.10. Dues of staff, if any, should be settled by the Amalgamated Bank before the Effective Date. Amalgamating Bank will not entertain any claim of any employee of monitory or other nature after the Effective Date.
- 1.11. The Amalgamated Bank shall give the detailed Board certified list of its employees on roll along with the following details before the Effective Date.
 - a) Name of the Employee
 - b) Address of Employee
 - c) Designation
 - d) Date of Birth
 - e) Educational Qualifications
 - f) Date of appointment in Amalgamated Bank
 - g) Date of Regularization in the Bank
 - h) Date of retirement as per service record of Amalgamated Bank
 - i) Detailed Pay Scale of Employees
 - j) Details of Security Deposits
 - k) Earned Leaves balance

- l) Year of last increment as per Service record of Amalgamated Bank

CHAPTER –VI

TERMS & CONDITIONS APPLICABLE TO THE SCHEME AND OTHER INCIDENTAL MATTERS:

- 1.1. Extent of liability: The Amalgamating Bank shall liable for liabilities only to the extent of amount shown in certified Balance Sheet as stated under **Clause 3.1** of Chapter II.
- 1.2. Power to incur Expenditure: The powers of the Board of Amalgamated Bank to incur any expenditure (whether capital or revenue in nature) shall stand withdrawn from the Effective Date. After the Effective Date, the Amalgamated Bank shall become the branch of the Amalgamating Bank
- 1.3. Adjustment to the Books: Upon coming into effect of the Scheme no adjustments would be made to the book values of the assets and liabilities of the Amalgamated Bank when they are incorporated into books of account of the Amalgamating Bank except to ensure conformity of accounting policies and standards and to provide or adjust the reserves appearing in the books of account of the Amalgamated Bank or for non performing assets, diminution in assets, valuation of investments or on account of tax liability, if any, which are pending, if so required by the Amalgamating Bank at its sole discretion.
- 1.4. Transfer of Amounts: An amount equal to the balance of - (a) P & L A/c (b) General Reserve A/c (c) Statutory Reserve A/c (d) Education Fund A/c (e) BDDR A/c (f) Depreciation Reserve A/c (g) Reserve for Provision of Standard Assets A/c (h) Reserve for NPA A/c (i) Common Good Fund (j) Investment Depreciation Fund shall be credited by the Amalgamating Bank to the respective similar accounts of Amalgamating Bank's accounts.
- 1.5. General Reserves: An amount equal to the balance of any kind of reserves not mentioned in Para 1.4 above shall be credited by the Amalgamating Bank to the General Reserves of the Amalgamating Bank.
- 1.6. Locker Facility of Amalgamated Bank: The customers of the Amalgamated Bank having lockers in the safe deposit vault shall be intimated by the Amalgamating Bank of this Scheme. However those locker holders who wish to continue with their respective locker agreements made with the Amalgamated Bank can continue by executing new agreements and other documents as per policy/procedure of Amalgamating Bank. Those who want to release their lockers shall be allowed by the Amalgamating Bank to do so within one year from the date of notice/intimation duly submitting their valid KYC and clear rent dues till date of release. Remaining locker holders who neither release their lockers nor intimate in writing to the Amalgamating Bank within one year from the date of notice/intimation, shall be liable to pay the locker rent as per the rent structure of amalgamating Bank and should

adhere the terms and conditions of the Amalgamating Bank. The rent structure of amalgamating bank shall be made applicable to the existing lockers hirers after one year from the effective date.

- 1.7. Submission of Documents: The Amalgamating Bank shall submit to Reserve Bank of India, and if applicable under the current laws to, the Commissioner for Cooperation Telangana State/The Central Registrar of Cooperative Societies, Ministry of Cooperation, Government of India, New Delhi, such statements and information as may be required by them from time to time regarding the Implementation of this Scheme.
- 1.8. Dissolution of Amalgamated Bank: With effect from the Effective Date, the registration of the Amalgamated Bank shall stand cancelled and the Amalgamated Bank shall be deemed to have been dissolved and shall cease to exist as a Corporate Body.
- 1.9. Effect of Actions taken in Good Faith: No suit or other legal proceedings shall lie against the Amalgamating or the Amalgamated Bank for anything which is done in good faith or intended to be done in pursuance of this scheme of amalgamation.
- 1.10. Notices and Communication: Any notice or other communication required to be given by the Amalgamating Bank shall be considered to be duly given if addressed and sent by prepaid ordinary post at the address/ addresses registered in the books of Amalgamated Bank until a new address is registered in the books of the Amalgamating Bank and such notice shall be deemed to be served on the expiry of 72 (seventy two) hours after it has been posted. Any notice or communication which is of general interest shall be advertised in addition, in one or more daily newspapers which may be in circulation at the places where the Amalgamated Bank was transacting its business.
- 1.11. Interpretation: If any doubt arises in interpreting any of the provision of this Scheme the matter shall be referred to the Reserve Bank of India and their opinion shall be conclusive and binding on both the Amalgamating and Amalgamated Banks and also on all the members, depositors and other creditors and employees of each of these parties and on any other person having any rights or liability in relation to any of these parties. All the necessary guidelines would be followed as per RBI Master Direction on Amalgamation of UCBs, dated March 23, 2021.
- 1.12. Redressal: If any difficulty arises in giving effect to the provisions of this Scheme, the Reserve Bank of India, may issue to the Amalgamated and the Amalgamating Banks or to either of them such directions not inconsistent with this Scheme as may appear the Reserve Bank of India to be necessary or appropriate for the purpose of removing the difficulty.
- 1.13. Branch Licenses:

- a. On Effective Date, all the branch/administrative office/extension counter/pending extension counter licenses of the Amalgamated Bank and all other sanctions and permissions obtained if any for the purpose of conducting banking business shall stand transferred to the Amalgamating Bank and be treated as licenses of the Amalgamating Bank.
 - b. The Amalgamating Bank, subject to permission of RBI or other competent authority, if applicable, be at liberty to continue banking business at the existing locations of the Amalgamated Bank or in the alternate move all or any of the said branches to any other location.
 - c. The Amalgamating Bank be at the liberty to apply for relocating existing licenses of the Amalgamated Bank at the desirable locations within or outside the city within the area of operation of the Amalgamating Bank.
- 1.14. Banking Software: The Amalgamating Bank be at Liberty to replace the existing software of the Amalgamated Bank with the Software of the Amalgamating Bank.
- 1.15. Modifications/Amendments to the Scheme: Parties by their respective Boards or members, as the case may be or pursuant to direction issued by Reserve Bank of India, may authorize, including any committee or subcommittee thereof, to make and/or consent to any modifications/amendments to the Scheme and to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.
- 1.16. In the event if this scheme of amalgamation will be rejected by the Reserve Bank of India, this Scheme shall stand revoked, cancelled and be of no effect.
- 1.17. Taxation Matters: Upon the Scheme coming into effect, all taxes/cess/duties paid, payable, received or receivable by or on behalf of the Amalgamated Bank, including all or any refunds, claims or entitlements or credits (including credits for Income tax, withholding tax, advance tax, self-assessment tax, minimum alternate tax, CENVAT credit, goods and service tax credit, other indirect tax credit and other tax receivables) shall, for all purposes, be treated as the taxes/cess/duties, liabilities or refunds, claims or credits as the case may be of Amalgamating Bank, and any tax incentives, benefits (including claims for unabsorbed tax losses and unabsorbed tax depreciation), advantages, privileges, exemptions, credits, tax holidays, remissions or reduction which would have been available to the Amalgamated Bank, shall be available to the Amalgamating Bank, and following the Effective Date, the Amalgamating Bank shall be entitled to initiate, raise, add or modify any claims in relation to such taxes.

Amalgamating Bank is hereby expressly permitted to revise its financial statements and returns along with prescribed forms, filings and annexures under the Income

Tax Act or other tax laws and to claim refunds and/or credit for taxes paid (including, tax deducted at source, wealth tax, etc.) and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.

- 1.18. Costs and Expenses: All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed), incurred by any of the Parties in carrying out and implementing this Scheme and matters incidentals thereto, shall be respectively borne by such Parties till the Effective Date.
- 1.19. Events in the Period of Transition: Amalgamated Bank shall not undertake any transaction which may materially affect the said Scheme. Any matter of Importance which is to be dealt within the Period of Transition shall be communicated to Amalgamating Bank in advance.

Further during the Period of Transition Amalgamated Bank shall not create any encumbrance on its asset or do anything which may alter the realizable or exchange value of the assets.

- 1.20. Residual: Any matter in connection with this Scheme, which is not covered under this Scheme but necessary to give effect to the implementation of Scheme shall, subject to the approval of competent authority if any, be decided by mutual understanding between the Boards of the respective Parties. For this purpose the Boards may execute such necessary documents including MoUs as may be necessary.

Annexure A

Particulars	Amount in Rs.	
	Agroha CUB	Agrasen CUB
Paid up Share Capital	42898800.00	253560500.00
Reserves and Surplus	93567676.00	653322197.54
Net Worth	142683604.00	906882697.54
Face value of Each Share	100.00	100.00
Swap value per share equivalent to FV of Rs.100 per share	332.61	357.66
Swap value equivalent to FV of existing share	332.61	357.66
Swap Ratio	1.1	1.1

Exchange of Shares: As per Swap Ratio, for 1 Share held in Amalgamated Bank (Agroha CUB) will be entitled to get 1 share of Amalgamating Bank (Agrasen CUB). Accordingly,

the Amalgamating Bank (Agrasen CUB) shall allot 1 share of amalgamating Bank (Agrasen CUB) for 1 share of amalgamated bank (Agroha CUB).