

THE ADARSH COOPERATIVE URBAN BANK LIMITED
1-251/1, MPR Complex, Shapurnagar, IDA Jeedimetla, Hyderabad-500 055

AGM NOTICE

Notice is hereby given that the Second General Body Meeting of the Members of the Bank will be held on Tuesday, 23rd September 2025 at 11.30 AM at the Conference Hall, Jeedimetla Industrial Association Building, Opposite Jeedimetla Bus Depot, Jeedimetla, Medchal-Malkajgiri District, Hyderabad- 500 055, Telangana State to transact the following business.

AGENDA

1. To consider amendment of Byelaws of the Bank to increase the Authorised Share Capital.
2. To consider submission of application to RBI for granting approval to The Adarsh Cooperative Urban Bank Ltd., Hyderabad for transition into Small Finance Bank.
3. To identify and approve the eligible promoters who are fulfilling the criteria prescribed by RBI vide circular No. DCBR. Co. LS. PCB. CIR. No 5/07.01.000/2018-19 dated September 27th,2018.
4. To consider authorizing chairman and two Directors, CEO of the Bank to enter into irrevocable and Binding agreement with KBS Local Area Bank, Hyderabad, who have expressed interest to amalgamate with the New Banking company (Small Finance Bank) immediately after the Adarsh Cooperative Urban Bank Ltd., gets in principle approval from RBI.
5. To consider any other subject with the permission of the chair.

(By the order of Board of Directors at their meeting held on 5th September 2025.)

Place: Jeedimetla, Hyderabad
Date: 5th September 2025

Sd/-
CHIEF EXECUTIVE OFFICER

Enclosures/Attachments:

- A. Agenda Notes/Explanatory Statement.
- B. Draft resolutions to be approved by the General Body.

Agenda Notes to AGM

To consider amendment of Byelaws of the Bank to increase the Authorised Share Capital.

The present Authorised Share Capital of the Bank is Rs.50 Crores. In order to maintain healthy Capital Adequacy Ratio there is a need to increase the Share Capital of Bank suitably.

We request the General Body to pass the following resolution with or without modification.

“It is resolved to amend the Byelaws of the Bank as under:

[illegible]

It is further resolved to authorize Chairman/Chief Executive Officer to make corrections/additions/deletions as may be suggested or required by the Regulatory/Registering Authority.”

AGM

Agenda Notes to AGM

Item No. 2:

To consider submission of application to RBI for granting approval to The Adarsh Cooperative Urban Bank Ltd., Hyderabad for transition into Small Finance Bank.

Reserve Bank of India had issued guidelines for voluntary transition of eligible Urban Cooperative Banks (UCBs) into Small Finance Bank (SFB) vide Reserve Bank of India Circular No.DCBR.CO. LS.PCB. CIR.No.5 /07.01.000/2018-19, dated 27.09.2018, the UCBs which are having a good track record are eligible as per the Scheme and wishing transition into Small Finance Banks voluntarily can submit an application to Reserve Bank of India.

The Board of Directors having studied the scheme announced by RBI and considering that Adarsh Bank meets requirement of Net worth, the Promoter's eligibility for transition into SFB, the General Body of Adarsh Bank at their meeting held on 28th December 2021 had authorised the Board of Directors to initiate steps to transit the Adarsh Bank into Small Finance Bank as per the scheme envisaged by Reserve Bank of India and to apply to Registrar of Cooperative Societies seeking No Objection Certificate for transition to Small Finance Bank.

The approval or No Objection letter from Registrar of Cooperative Societies was received on 5th March 2023. The General Body at its meeting held on 23rd March 2023 has given authorisation to the Board of Directors to look for any other Cooperative Bank/ Bank who are willing to transit into Small Finance Bank.

Since then, the board of directors of the bank have been exploring various opportunities and are in dialogue with entities who are willing to travel with Adarsh Bank for transition to Small Finance Bank.

While exploring various options, the management of Krishna Bhima Samruddhi Local Area Bank (KBS Bank) has come forward with a proposal to amalgamate both the entities and apply for issue of license for Small Finance Bank. Accordingly, we have entered into a Memorandum of Understanding (MOU) with KBS Bank. To take it forward, KBS Bank has appointed a consulting firm M/s GT Bharat LLP, Mumbai to conduct due diligence of both the Banks.

M/s GT Bharat LLP has conducted due diligence of both the Banks and also studied the Cooperative Societies Act, the provisions in the Companies Act, and guidelines of Reserve Bank of India in respect of transition to Small Finance Bank (SFB) and finally suggested that Adarsh Bank shall apply for license for transition to SFB.

After receiving the in principle approval from Reserve Bank of India for transition to SFB, a new Banking Company will be incorporated under the Companies Act, 2013 having the name of the proposed SFB as "Adarsh KBS Small Finance Bank Ltd".

After the incorporation of the new banking entity, the Assets and Liabilities of both the Banks (Adarsh Bank and KBS Bank) will be transferred to the new entity and seek final approval from Reserve Bank of India for commencement of business as SFB.

We request the General Body to pass the following resolution with or without modification.

Resolution:

“It is resolved to authorise the Chairman, any two directors and CEO of the Bank to submit the application to Reserve Bank of India for granting in principle approval/ license for transiting The Adarsh Cooperative Urban Bank Ltd, Hyderabad into Small Finance Bank (SFB).”

“It is further resolved to authorise the Chairman and the Board of Directors to utilise the services of M/s GT Bharat LLP in the preparation of Project Report covering regulatory compliances, technology integration and to suggest transition path”.

AGM

Agenda Notes to AGM

Item No 3:

To identify and approve the eligible promoters who are fulfilling the criteria prescribed by RBI vide circular No. DCBR.Co.LS.PCB.CIR.No 5/07.01.000/2018-19 dated September 27th,2018.

As per the guidelines issued by RBI for Voluntary Transaction of primary (Urban) Cooperative Banks (UCBs) into Small Finance Banks (SFBs), the UCBs which are eligible as per the scheme and wishing transition into Small Finance Banks, shall identify eligible promoters and seek approval of the General Body for filing application for grant of RBI licence for SFB.

As per the circular/guidelines, the Promoters shall be:

A group of individuals/professionals, having an association with UCB as regular members for a period of not less than three years and approved by General Body with 2/3rd majority of members present and voting shall be treated as promoters for the incorporation of the new public limited company. The promoters must be residents and shall have ten years of experience in banking and Finance. Promoter/residents and shall have ten years of experience in Banking and Finance. Promoter/Promoter Groups shall conform to the definition of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 and RBI guidelines on 'fit and proper'. RBI would assess the 'fit and proper' status of the applicants on the basis of their past record of sound credentials and integrity, financial soundness and successful track record of professional experience or of running their businesses.

Accordingly, the Board of Directors have identified the following persons who are qualifying to be the promoters as per the above criteria.

1. Shri Gopineedi Madana Gopala Swamy.
2. Shri Dhulipalla Venkataratnam.
3. Dr Govindarajula Venkata Narasimha Rao.
4. Shri Vemana Ramachandra Rao.

We request the General Body to pass the following resolution with or without modification.

Resolution:

"It is resolved to approve the following Four Persons as eligible promoters, since they are fulfilling the eligibility criteria prescribed by RBI.

1. Shri Gopineedi Madana Gopala Swamy.
2. Shri Dhulipalla Venkataratnam.
3. Dr Govindarajula Venkata Narasimha Rao.
4. Shri Vemana Ramachandra Rao. "

AGM

Agenda Notes to AGM

Item No. 4:

To consider authorising Chairman and Two Directors, CEO of the Bank to enter into irrevocable and binding agreement with KBS Local Area Bank, Hyderabad, who have expressed interest to amalgamate with the New Banking Company (Small Finance Bank) immediately after the Adarsh Cooperative Urban Bank Ltd., gets in principle approval from RBI.

Reserve Bank of India had issued guidelines for voluntary transition of eligible Urban Cooperative Banks (UCBs) into Small Finance Bank (SFB) vide Reserve Bank of India Circular No.DCBL.CO. LS.PCB. CIR.No.5 /07.01.000/2018-19, dated 27.09.2018, the UCBs which are having a good track record are eligible as per the Scheme and wishing transition into Small Finance Banks voluntarily can submit an application to Reserve Bank of India.

After examining the guidelines, M/s GT Bharat LLP, consulting firm engaged for the purpose, has recommended that Adarsh Bank would submit the application to Reserve Bank of India seeking in principle approval for transition to SFB. M/s GT Bharat LLP also suggested that both Adarsh Bank and KBS Bank shall enter into Memorandum of Agreement (MOA) detailing the terms and conditions of transition. The salient features are furnished below:

1. The Name of the proposed SFB is : Adarsh KBS Small Finance Bank Ltd
2. Promoters: Eligible individual shareholders from Adarsh Bank as approved by General Body will be the promoters of new entity.
3. Share Swap Ratio: The share swap ratio recommended by M/s GT Bharat LLP, consulting firm is agreeable to both the Banks.
4. Chairman of KBS Bank would be the Chairman of the new entity.
5. The Assets and Liabilities of Adarsh Bank and KBS Bank would be transferred to the newly formed Banking Company. Upon merger, the then existing shareholders of Adarsh Bank and KBS Bank will be allotted shares of the new entity as per the swap ratio agreed upon.
6. All existing employees (including contract employees) of both Adarsh Bank and KBS Bank shall be absorbed into the new entity.
7. Nomination and Remuneration Committee will be constituted by the Board of Directors of the new entity who will select MD & CEO and other Key Management Personnel (KMP).
8. During the transition period, coordination committees will be constituted by both the Banks to take care of technology integration, HR integration, alignment of business verticals and customer service etc.

In view of the above, Adarsh Bank has to enter into Memorandum of Agreement with KBS Bank.

We request the General Body to pass the following resolution with or without modification.

Resolution:

“It is resolved to authorise the Chairman, any Two Directors and CEO to execute the Memorandum of Agreement (MOA) with KBS Local Area Bank Ltd”

“It is further resolved to authorise the Chairman/Chief Executive Officer to make any corrections/alterations in the terms of Memorandum of Agreement (MOA), Application and Project Report etc.as may be required/suggested by the regulatory authorities.

“It is further resolved to authorise Chairman/Board of Directors to review, negotiate, finalize, execute and deliver the MOA and related agreements, engage external advisors, approve their fees and take all necessary steps to obtain regulatory approvals, make filings and respond to queries, while also overseeing integration planning, finalizing business projections, managing wind-down activities and taking all necessary actions to implement these resolutions”.