जावक क्र. तिरुपती बँक/प्रशा./विशेष सभा/2018-19/191  
दि. 03/12/2018  

Notice of Special General Meeting  
(For shareholder members only)  

To,  
Mrr/Mrs.  

Dear Sir/Madam,  
The notice is hereby given to all the shareholders of Tirupati Urban Co-operative Bank Ltd, Nagpur that a Special General Meeting of the shareholders of the Bank will be held on Saturday at 10.00 am, the 22nd December 2018 at Chatrapati Sambhagur Ring Road, Chatrapati Nagar, Nagpur to discuss the following agenda items.  
1. To discuss and to take decision for approval of the voluntary transition of Tirupati Urban Co-operative Bank Ltd., Nagpur into Small Finance Bank as per scheme of Reserve Bank of India.(As envisaged in RBI circular No. RBI/2018-19/2 – DCBR.CO.LS.PCB. Cir.No/5/ 07.01.000/ 2018-19 dated 27.09.2018 –attached) and to authorize the Board of Directors of the bank to take suitable steps for completing the formalities in this regard.  
2. To identify and approve the names of promoters of the proposed Small Finance Bank.  
3. Any other subject with the permission of Chair.  

Rajendra Raut  
Chief Executive Officer  
By order of Board of Directors  

Note:  
1. In absence of quorum the adjourned meeting will be held after half an hour at the same place on the same day for which no quorum will be required.  
2. The shareholder member who anybody questions regarding the subject matter may please send the same in writing to Bank’s Head Office before 19.12.2018.  
3. Shareholders are requested to bring copy of this notice with their photo ID card while coming for the Meeting.  
4. The copy of this notice is displayed on the bank’s website www.tirupatibank.com and on the notice board of branches of the bank.  
5. The detailed circular is also available on RBI website www.rbi.org.in under the head Notifications.
Over the years, a few UCBS along with high rate of growth, have expanded their area of operation to multiple states thus acquiring the size and complexities of a small commercial bank. Discussion Paper on ‘Banking Structure in India - The Way Forward’ dated August 27, 2013 envisaged conversion of UCBSs into commercial banks and exploring the possibilities of converting some UCBSs into commercial banks or small banks. The Higher Powered Committee (HPC) on UCBSs recommended voluntary conversion of large Multi-State UCBSs into Joint Stock Companies and other UCBSs which meet certain criteria into Small Finance Banks (SFBs).

3. RBI had issued guidelines for licensing of Small Finance Banks in the private sector on November 27, 2014 with the objective of furthering financial inclusion by (i) provision of savings vehicles primarily to unserved and underserved sections of the population, and (ii) supply of credit to small business units; small and marginal farmers; micro and small industries; and other entities in the unorganized sector, through high technology-low cost operations. A minimum paid-up capital of Rs. 1 billion has been prescribed for SFB with a minimum CRAR of 15%. Further, 75% of their adjusted net bank capital (ANBC) will go towards priority sector lending and 50% of the loan portfolio will constitute loans up to Rs. 2.5 million.

4. In keeping with the fast paced changes in the banking space and in order to facilitate growth, a scheme for voluntary transition of UCBSs into SFB will be a step forward to provide full suite of products / services, sustain competition, alternative capital, etc. Accordingly, this scheme has been introduced for voluntary transition of a UCBS into SFB by way of transfer of assets and liabilities.

Chapter II
General modalities of the Scheme

Under the scheme UCBSs with a good track record shall be eligible to voluntarily transit into a SFB. Eligible UCBS shall identify promoters in the manner as set out subsequently in the scheme for making an application to RBI for transition to SFB under the scheme. After due diligence exercise, RBI will issue an in-principle approval for transitioning of the UCBS into SFB subject to, compliance with the requirements mentioned in the scheme and will allow a maximum period of 18 months for commencement of business as SFB. The promoters shall incorporate a public limited company under the Companies Act, 2013 having the word ‘bank’ in its name after receiving the in-principle approval from RBI. The board of directors of the company shall have required experience and shall meet RBI’s ‘fit and proper’ criteria. The above company shall enter into an agreement with UCBS for transfer of assets and liabilities, to be executed at a future date (after issuance of SFB licence). The promoters shall then approach RBI for issuance of SFB licence, with evidence of funds available for infusion as equity in any acceptable form, so as to ensure that the SFB commences operations with a minimum net worth of Rs. 1 billion and minimum promoters’ contribution of 26% of the paid-up equity capital. The licence application will be processed in accordance with the guidelines dated November 27, 2014 for licensing of SFBs in the private sector, subject to, what is stated in this Scheme. RBI will issue SFB licence at this stage followed by execution of the slump sale agreement to transfer the assets and liabilities of the UCBS to the new company. The licence will be effective only after transfer of assets and liabilities of the UCBS to the SFB and meeting, inter alia, the minimum net worth requirement prescribed for SFBs. The promoters will ensure that there is no business disruption during the process of transfer of assets and liabilities. On transition into a SFB, it will be subject to all the norms as applicable to SFBs including maintenance of CRAR of 15% on a continuous basis. The UCBS will surrender its banking licence to RBI. The resultant Co-operative Society will be wound up in due course.

2. Base financial benchmarks for eligibility
UCBS with a minimum net worth of Rs. 500 million and maintaining Capital to Risk (Weighted) Assets Ratio of 9% and above are eligible to apply for voluntary transition to SFB under this scheme.

3. Promoters
A group of individuals/professionals, having an association with UCBS 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 financial 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.
4. Capital requirement

The minimum net worth of the proposed SFB shall be Rs. 1 billion from the date of commencement of business. As small finance banks are required to maintain a minimum capital adequacy ratio of 15 per cent of its risk weighted assets (RWA) on a continuous basis, availability of adequate capital shall be ensured. Promoters shall maintain at least 26% of the paid-up equity capital.

5. Compliance with the Guidelines dated November 27, 2014 for Licensing of Small Finance Banks in the Private Sector (‘SFB Guidelines’)

In addition to above, UCBSs transacting under the scheme are required to ensure compliance with SFB guidelines from the date of commencement of operations of the SFB.

Chapter III

Procedure for application and required documents/information

1. The scheme shall be ‘on-tap’, and the applications could be submitted to the Reserve Bank at any point of time after the date of notification on the website. In terms of Rule 11 of the Banking Regulation (Companies) Rules, 1949, promoters shall submit application in the prescribed form (Form III) along with the following documents and information:

(i) The general body resolution by 2/3rd majority of members present and voting to transact into a Small Finance Bank as per the scheme and authorizing the Board of Directors for taking all steps for facilitating smooth transition process.

(ii) The general body resolution by 2/3rd majority of members present and voting to identify and approve the promoters.

(iii) An undertaking from the promoters to ensure strict adherence with the provisions of Reserve Bank of India Act, 1934, Banking Regulation Act, 1949, Multi State Co-operative Societies Act, 2002/ respective State Co-operative Societies Act, Companies Act, 2013 and any other provisions / instructions issued by the RBI, in connection to the scheme, from time to time.

(iv) A letter from Central Registrar/RCS to the effect that they have no objection in the UCB voluntarily transacting into SFB under the RBI’s scheme by way of transfer of assets and liabilities to the banking company incorporated by promoters with the approval of RBI.

(v) A detailed plan on providing uninterrupted banking to existing customers during the period of transition.

2. Along with the application, the promoters shall submit documents for establishing compliance with the requirements and ensure that the UCB continues to comply with the above parameters till the application is finally disposed of.

3. The promoters shall furnish their business plans and project reports along with their applications. The business plan will have to address how the SFB proposes to achieve the objectives behind setting up of small finance banks. The business plan submitted by the applicant should be realistic and viable. In case of deviation from the stated business plan after issue of licence, RBI may consider restricting the SFB’s expansion, effecting change in management and imposing other penal measures as may be necessary.

4. The promoters must ensure to furnish following additional information along with the application:

A. Information of individual promoters

(i) Name of the promoters, date of birth, residential status, parents’ names, Aadhaar number, permanent account number (PAN) issued by Income Tax Department, branch and bank account details including the credit facilities availed.

(ii) Detailed information on the background and experience of the individual promoters, his/her experience, track record of business and financial worth, details of promoter’s direct and indirect interests in various entities’ companies/industries, shareholdings, directorships etc.

B. Information of UCB transiting into the Small Finance Bank

(i) Shariability pattern, bye-laws and financial statements of the past five years (including a tabulation of important financial indicators for the said years), and income tax returns for last three years.

(ii) The applicants should furnish detailed information about the persons who would subscribe to 5 per cent or more of the paid-up equity capital (shareholding pattern) of the proposed bank and the sources of capital of the proposed investors.

(iii) The proposed promoter shariability in compliance with the guidelines.

C. Project Report

A project report covering business potential and viability of the proposed SFB, the proposed area of operation, the business plan, any other financial services proposed to be offered, plan for compliance with prudential norms on CRAR/LCR, composition of loan portfolio, priority sector, etc. as per the SFB guidelines, and any other information that is considered relevant. It should include detailed calculation of capital requirement after transfer of assets and liabilities of the UCB in order to maintain minimum CRAR of 15% from the date of commencement of business. The project report should give as much concrete details as feasible, based on adequate ground level information and avoid unrealistic or unduly ambitious projections. The business plan should address how the bank proposes to achieve financial inclusion and how the existing business of the UCB will fold into the small finance bank or divested / disposed of.

D. Any other information

The promoters may furnish any other relevant information and documents supporting the applications. Further, the RBI may call for any other additional information, as may be required, in due course.

5. In terms of Rule 11 of the Banking Regulation (Companies) Rules, 1949, promoters shall submit application in the prescribed form (Form III) along with other details as mentioned above, contained in an envelope superscripted "Application for voluntary transition into Small Finance Bank” to:

The Chief General Manager,
Department of Co-operative Bank Regulation,
Reserve Bank of India,
Central Office,
C-7, 1st Floor, Bandra Kurla Complex
Bandra East
Mumbai – 400051

Chapter IV

1. Transition path

After incorporating the banking company and complying with all the terms & conditions of the in-principle approval, the promoters shall approach RBI for banking licence along with following:

(i) UCB’s board resolution for transfer of assets and liabilities to the banking company.

(ii) The general body resolution passed by 2/3rd majority of members present and voting to surrender the UCB’s licence to RBI for cancellation under Section 22(4) read with Section 56 of the BR Act, 1949.

(iii) The general body resolution passed by 2/3rd majority of members present and voting to voluntarily wind up the Co-operative Society in terms of provisions in the Central/State Co-operative Societies Act once the banking licence of the UCB is cancelled by RBI.

(iv) Firm commitment from promoters for infusion of capital into the company for meeting the minimum net worth and minimum promoter's contribution requirement for SFB.

2. RBI decision

The applications will be screened by RBI to ensure eligibility of the applicants. RBI may apply additional criteria to determine the suitability of applications, in addition to the prescribed criteria.

After issue of the in-principle approval to the UCB, if any adverse features are noticed subsequently regarding the promoters or the UCB, RBI may impose additional conditions and if warranted, may withdraw the in-principle approval. SFB licence will be granted on demonstrating compliance to the conditions stipulated in the in-principle approval, to the satisfaction of the Reserve Bank. Till such period, the UCB will continue to function in the depositors’ interest.

On transition into a SFB, it will be subjected to all the norms as applicable to SFBs including maintenance of CRAR of 15% on a continuous basis. Decision of RBI in this regard will be final and no request for reconsideration will be entertained.