

NOTICE

NOTICE is hereby given that an Extraordinary General Meeting of members of NSDL Payments Bank Limited (the "Company") will be held at a shorter notice on June 27, 2022, at 11:00 a.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business:

SPECIAL BUSINESS:**1. To approve the NSDL PAYMENTS BANK EMPLOYEES STOCK OPTION PLAN 2022**

To consider and, if thought fit, to pass with or without modifications, the following resolution as 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 relevant provisions of 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 Reserve Bank of India while granting such approvals, permissions and sanctions, the approval of the members of the Bank be and is hereby accorded to the introduction of "NSDL Payments Bank Employees Stock Option Plan 2022" ("ESOP 2022"/" Plan") 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 ("Compensation Committee") which the Board has constituted to exercise its powers, including the powers, conferred by this resolution to create, issue and grant not exceeding 90,00,000 (Ninety Lakhs) employee stock options thereunder, in one or more tranches, from time to time, to the eligible permanent employees including Directors of the Bank whether whole-time or not (other than the employee who is promoter or person belong 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 90,00,000 (Ninety Lakhs) 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, inter alia, to act as the Compensation Committee 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 Plan, issue and listing of the shares allotted upon exercise of employee stock options, to do

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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 Compensation 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 herein before shall rank pari passu with the then existing equity shares of the Bank."

"RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are issued by the Bank to the option grantees for the purpose of making a fair and reasonable adjustment to the employee stock options granted earlier, the ceiling in terms specified above shall be deemed to be increased to the extent of such additional equity shares issued."

"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 option grantees under the Plan shall automatically stand 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 option grantees."

"RESOLVED FURTHER THAT the Board / Nomination and Remuneration Committee be and is hereby authorized to take requisite steps for listing of the equity shares allotted under the Plan on the stock exchanges where the equity shares of the Bank are listed in due compliance with SEBI SBEB & SE Regulations and other applicable laws."

"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 Plan."

"RESOLVED FURTHER THAT the Board/ Nomination and Remuneration Committee be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the Plan subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may deem fit at its absolute discretion, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the Plan and do all other things incidental and ancillary thereof in conformity with the provisions of the Companies Act, 2013, SEBI SBEB SE Regulations, the Memorandum and Articles of Association of the Bank and any other applicable laws in force."

"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 authorizing or directing to appoint Merchant

Banker(s) and such other appropriate agencies, if required, being incidental to the effective implementation and administration of Plan 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 **NSDL Payments Bank Limited**

Sd/-
Balan Santosh Parthasarathy
Company Secretary
Membership No. A49602

Registered Office:

4th Floor, 'A' Wing, Trade World,
Kamala Mills Compound,
Senapati Bapat Marg,
Lower Parel (West)
Mumbai- 400 013

Dated: May 17, 2022

Place : Mumbai

NOTES:

1. In view of the ongoing COVID-19 pandemic the Ministry of Corporate Affairs ("MCA") has vide its Circular dated May 5, 2022, read together with circulars dated April 8, 2020, April 13, 2020, June 15, 2020, August 28, 2020, June 23, 2021 and December 8, 2021 (collectively referred to as "MCA Circulars") permitting convening the Extraordinary General Meeting ("EGM") through Video Conferencing (VC) or Other Audio Visual Means (OAVM). In accordance with the MCA circulars and provisions of the Companies Act, 2013 ("the Act"), the EGM of the Company is being held through VC/OAVM.
2. As the EGM shall be conducted through VC/OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice. The proceedings of the EGM shall be deemed to be conducted at the Registered Office of the Company located at 4th Floor, "A" Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013, which shall be the deemed venue of the EGM.
3. Members (Institutional / Corporate Shareholders) are requested to send a scanned copy (PDF / JPEG format) of the Board Resolution authorising its representative(s) to attend the EGM through VC/ OAVM and to vote in its behalf, pursuant to Section 113 of the Act, at balanp@nsdlbank.co.in

ELECTRONIC DISPATCH OF NOTICE:

4. Members holding shares in dematerialised mode are requested to register/update their email addresses with the relevant Depository Participants. In case of any queries/ difficulties in registering the e-mail address, Members may write to the Company Secretary at balanp@nsdlbank.co.in
5. In accordance with, the aforesaid circulars issued by MCA, notice of the EGM is being sent only through electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s)
6. Members may note that the Notice of EGM will also be available on the website of the Company at www.nsdlbank.com.

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PROCEDURE FOR JOINING THE EGM THROUGH VC / OAVM:

7. Members will be able to attend the EGM through VC/OAVM Facility. For this purpose, please use the Microsoft Teams Link shared in the email to join the said meeting.
8. For convenience of the Members and proper conduct of EGM, Members can login and join at least 30 (thirty) minutes before the time scheduled for the EGM and shall be kept open throughout the proceedings of EGM.
9. Members who need assistance with the use of technology for joining the EGM through VC/OAVM can contact the Company Secretary at the below mentioned details:

Mr. Balan Santosh Parthasarathy
Company Secretary
Mobile no : +919870031277
Email id: balanp@nsdlbank.co.in

10. Please note that the participants connecting from Mobile devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
11. Members attending the EGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS:

12. As the EGM is being conducted through VC / OAVM, for the smooth conduct of proceedings at the EGM, Members are encouraged to express their views / send their queries in advance mentioning their name, email ID, mobile number to the Company Secretary at balanp@nsdlbank.co.in. Queries, if any received by the Company till 5.00 p.m. on June 24, 2022 shall only be considered and responded during the EGM.
13. Members who would like to express their views or ask questions during the EGM may raise their hands as per the functionality available on the Microsoft Teams application, however the Company reserves the right to restrict the number of questions and number speakers, as appropriate for smooth conduct of the EGM.

GENERAL INFORMATION:

14. The voting rights shall be as per the number of equity shares held by the Member(s) as on EGM date, being the cut-off date.
15. All documents referred to this Notice shall be made available for inspection, on request

By Order of the Board of Directors
For **NSDL Payments Bank Limited**

Sd/-
Balan Santosh P
Company Secretary
Membership No. A49602

Registered Office:

4th Floor, 'A' Wing, Trade World,
Kamala Mills Compound,
Senapati Bapat Marg,
Lower Parel (West)
Mumbai- 400 013

Dated: May 17, 2022
Place : Mumbai

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 1:

The Bank appreciates the critical role its key employees play in the organizational growth. It strongly feels that the value created by its key employees should be shared with them. To promote the culture of employee ownership and as well as to attract, retain, motivate, and incentivize critical talents in line with corporate growth and creation of shareholders' value, the Bank intends to implement an employee stock option plan namely '**NSDL Payments Bank Employees Stock Option Plan 2022**' ("**ESOP 2022**" / "**Plan**") for key employees including directors of the Bank as eligible under Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and as determined from time to time. The proposed Plan is in compliance with Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, if any, issued thereunder to the extent applicable.

Accordingly, the Nomination and Remuneration Committee of the Board and the Board of the Bank ("Board") at their respective meetings held on May 16, 2022 and May 17, 2022 had approved the Plan subject to your approval.

Particulars as required under the applicable laws:

a) Total number of options to be granted:

A total of 90,00,000 (Ninety Lakh) Options would be available for being granted to the eligible employees of the Bank under the Plan. Each Option when exercised would be converted into one equity share of face value of **Rs. 10 (ten)** each fully paid-up.

Options lapsed or cancelled due to any reason including the reason of lapse of exercise period or due to resignation of the employees or otherwise, would be available for being re-granted. The Compensation Committee is authorized to re-grant such lapsed / cancelled Options as per the Plan.

In case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment will be made to the options granted. Accordingly, if any additional equity shares are required to be issued by the Bank to the option grantees for making such fair and reasonable adjustment, the ceiling of options/ equity shares as aforesaid shall be deemed to increase to the extent of such additional equity shares issued.

b) Identification of classes of employees entitled to participate in the Plan:

(i) a permanent employee of the Bank who has been working in India or outside India;
or

(ii) a Director whether a whole-time director or not but excluding an independent director, but does not include (a) an employee who is a Promoter or belongs to the Promoter Group; or (b) a Director who either himself/ herself or through his/ her relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity Shares of the Bank.

Provided that in case the Bank intends to Grant Options to the employees of the subsidiary company(ies), the term Employee shall be deemed to include such Employees of the subsidiary company(ies) and Options can be granted subject to prior approval of the Shareholders by way of a special resolution.

c) Appraisal process for determining the eligibility of the Employees to Employee Stock Options:

Appraisal process for determining the eligibility of the employees will be based on designation, period of service, performance linked parameters such as work performance and such other criteria as may be determined by the Compensation Committee at its sole discretion, from time to time.

d) Requirements of vesting and period of vesting:

The Options granted shall vest so long as the employee continues to be in the employment or service of the Bank, its Subsidiary Company(ies) on the date of vesting and must neither be serving his/her notice of resignation nor termination of employment/ service on such date of vesting nor be subject to any disciplinary proceedings pending against him/her on such date of vesting. The Compensation 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 minimum and maximum vesting period as specified below).

The vesting period of Options granted shall not be earlier than minimum period of **1 (one)** year and not later than maximum period of **3 (three)** years from the date of Grant.

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

e) The maximum period within which the Options shall be vested:

All the Options would vest not later than a maximum of **3 (three) years** from the date of grant of options as determined by the Compensation Committee.

f) Exercise price or pricing formula

The exercise price shall be such as determined by the Compensation Committee which shall not be less than the face value of an equity share of the Bank.

g) Exercise period and the process of exercise

All vested Options can be exercised within the exercise period of **5 (years)** 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 Compensation Committee from time to time. The options shall lapse if not exercised within the specified exercise period.

h) Lock-in period:

Unless the Compensation Committee otherwise decides, the shares arising out of exercise of the vested options would not be subject to any lock-in period after such exercise except such restrictions as prescribed under the applicable laws.

i) Maximum number of Options to be issued per employee and in aggregate:

Number of options that may be granted to any individual employee under the Plan shall be lesser than 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant of Option.

j) Method of option valuation:

To calculate the employee compensation cost, the Bank shall use the fair value method for valuation of the options granted as per prescribed under Ind-AS 102 or under any relevant accounting standard as notified by appropriate authorities from time to time.

k) 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 Bank 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.

l) 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 / abandonment of the employment, all the vested options shall lapse and cannot be exercised.

In case of resignation/ termination (other than due to cause), all the vested options as on the date of submission of notice of resignation/ termination can be exercised by the option grantee within **2 (two) weeks** from the last working day.

In the case of retirement of the option grantee, all vested Options can be exercised by the option grantee immediately after, but in no event later than **1 (one) month** from the date of retirement.

In the case of termination of employment due to death of the option grantee, all vested options can be exercised by the nominees or legal heirs of the option grantee immediately after, but in no event later than **6 (six) months** from the date of death.

In the case of termination of employment due to permanent disability of the option grantee, all vested Options can be exercised by the option grantee immediately after, but in no event later than **2 (two) months** from the date of permanent disability.

m) Disclosure and Accounting Policies:

The Bank shall comply with the disclosure and the accounting policies as prescribed under prevailing accounting guidelines/ standards.

In case, the Bank is required to account for the share-based employee benefits using the intrinsic value method, 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 be disclosed in the Directors' Report.

A draft copy of the Plan 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 24, 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 Plan.

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

By Order of the Board of Directors,
For **NSDL Payments Bank Limited**

Sd/-
Balan Santosh P
Company Secretary
Membership No. A49602

Registered Office:

4th Floor, 'A' Wing, Trade World,
Kamala Mills Compound,
Senapati Bapat Marg,
Lower Parel (West)
Mumbai- 400 013

Dated: May 17, 2022

Place : Mumbai