IN THE NATIONAL COMPANY LAW TRIBUNAL

KOCHI BENCH

CP(CAA)/02/KOB/2026
in
CA(CAA)/07/KOB/2026

(Under Sections 230 of the Companies Act, 2013 read with Rule 3 of the Companies (Compromise, Arrangements and Amalgamations) Rule, 2016)

Date of Institution: 01.05.2026
Order delivered on: 19.11.2026

In the matter of scheme of arrangement

OF

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
CIN:U65910KL1996PTC077288
Having registered office at X/109/M4, Second Floor Hephzibah Complex, Mannuthy, Mannuthy-Palakkad NH, Thrissur, Kerala, India, 680651

...Petitioner Company

WITH ITS SHAREHOLDERS

Coram:

HON'BLE MEMBER (JUDICIAL) : SHRI. VINAY GOEL

HON'BLE MEMBER (TECHNICAL) : SHRI. RAVICHANDRAN RAMASAMY

Appearances:

For the Petitioner Company : Dr. K. S. Ravichandran, PCS

Ms. Manjula Devi, Advocate

O R D E R

Per Coram

1. This Company Petition has been filed under Section 230 of the Companies Act, 2013 (hereinafter called as 'the Act' or 'Companies Act') read with Rule 3 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for sanctioning the scheme of Arrangement between the Petitioner Company, **M/s ESAF Financial Holdings Private Limited** (Formerly known as ESAF Microfinance and Investments Private Limited) and **its shareholders** in accordance with the terms of the said Scheme.

2. The proposed Scheme of Arrangement involving (i) selective cancellation and extinguishment of equity shares held by Identified Shareholders, (ii) transfer of equity shares of the ESAF Small Finance Bank Limited ("Bank") held by the Petitioner Company to such Identified Shareholders as non-cash consideration after netting off tax liability (iii) settlement of consideration cash adjustments, and (iv) consequential restructuring of the investment held by the Petitioner Company in the Bank in order to comply with the regulatory prescriptions issued by the Reserve Bank of India.

3. **M/s ESAF Financial Holdings Private Limited** (hereinafter referred to as "Petitioner Company")

   a) is a private limited incorporated on 27.09.1996 with CIN U65910KL1996PTC077288 having its registered office at X/109/M4, Second Floor Hephzibah Complex, Mannuthy, Thrissur, Kerala, India, 680651.

   b) The main object of the Petitioner Company is to carry on the business, whether in India or outside, of making investments in group companies in the form of shares, bonds, debentures, debts, loans, or securities and

providing guarantees, other forms of collateral, or taking on other contingent liabilities, on behalf of or for the benefit of any group companies and to carry on financial activities, whether in India or outside, in the nature of investment in bank deposits, money market instruments (including money market mutual funds and liquid mutual funds), government securities, and to carry on such other activities as may be permitted and prescribed by the relevant statutory authorities for core investment companies from time to time.

c) The authorized share capital of the Company is Rs. 250,00,00,000/-, comprising of equity shares of Rs. 10/- each with voting rights amounting to Rs. 190,00,00,000/- and preference shares of Rs. 100/- each amounting to Rs. 60,00,00,000/-. The issued, subscribed, and paid-up share capital of the Company on a non-diluted basis is Rs. 167,88,15,960/-, comprising of equity shares of Rs. 10/- each with voting rights amounting to Rs. 149,83,30,960/- and compulsorily convertible preference shares of Rs. 100/- each amounting to Rs. 18,04,85,000/-. On a diluted basis, the issued, subscribed, and paid-up share capital of the Company is Rs. 161,86,54,290/-, comprising of equity shares of Rs. 10/- each with voting rights amounting to Rs. 161,86,54,290/-.

d) The name of the Petitioner Company at the time of its incorporation was Pinnai Finance & Investments Private Limited. Subsequently, the name of the Company was changed to ESAF Microfinance and Investments Private Limited on 21.03.2007. Thereafter, the name of the Petitioner Company was further changed to ESAF Financial Holdings Private Limited with effect from 01.03.2019.

e) The accounts of the Petitioner Company have been audited up to 31.03.2025, and the supplementary accounting statements (limited

review) as on 30.09.2025 have been enclosed as Annexure No 6 along with the petition.

f) The Petitioner Company was registered as a non-deposit accepting Non-Banking Financial Company with the RBI with effect from 22.08.2007 and got classified as a Non-Banking Financial Company Micro Finance Institution with effect from 07.01.2014. Thereafter the Petitioner Company surrendered its NBFC-MFI license and has been registered with RBI as a Core Investment Company on 26.02.2020.

4. The Board of Directors of the Petitioner Company at its board meeting held on 02.03.2026 approved the proposed Scheme of Arrangement between the Petitioner Company and its shareholders, with the Appointed Date being 30.09.2025.

5. **The rationale and objective of the Scheme:**

a) The Petitioner Company operates as the holding company of the Bank, which is an RBI-regulated entity. Its assets predominantly comprise the shares in the share capital of the Bank. The Petitioner Company is holding 52.87% of the paid-up share capital of the Bank as of the Appointed Date.

b) One of the shareholders of the Petitioner Company, Dia Vikas Capital Private Limited ("Dia Vikas"), is a long-standing investment partner of the Petitioner Company and is classified as a Foreign-Owned or Controlled Company. The RBI, vide its letter dated 27.10.2025, declined Dia Vikas's request to hold more than 5% of the paid-up capital of the Bank and directed submission of a revised Scheme providing that Dia Vikas's direct holding in the Bank be less than 5% and in the Petitioner Company be less than 20%.

c) In addition, the shareholding of certain non-promoter shareholders, including Dia Vikas, designated as Identified Shareholders under the Scheme, excluding the Promoter, his relatives and ESAF Swasraya Multi-State Agro Cooperative Society Ltd., is proposed to be reduced in exchange for shares in the Bank.

d) The proposals contained in the Scheme are in two parts.

e) With respect to the Identified Shareholders listed in Schedule I, their entire equity shareholding in the Petitioner Company is proposed to be reduced and extinguished by providing them a full exit, in consideration of which the Petitioner Company will transfer to them, proportionately, equity shares of the Bank held by the Petitioner Company, along with a cash component, if applicable. The proportionate entitlement to the Bank's shares will be determined based on the number of Bank shares held by the Petitioner Company as on the Appointed Date in relation to the total equity shares of the Petitioner Company.

f) To find the number of shares of the Bank that would be transferred to any given Identified Shareholder in Schedule I by multiplying the number of shares held by such shareholder by the said factor after adjustment towards taxes as stated in the Scheme.

g) With respect to Dia Vikas, such number of Equity Shares held by Dia Vikas in the share capital of the Petitioner Company as would give it equity shares of the Bank to the extent of 4.99% of the share capital of the Bank would be reduced from the share capital of the Petitioner Company and extinguished by transferring those many shares of the Bank to Dia Vikas.

h) In this manner, the Petitioner Company seeks to reorganise its shareholding pattern under the Scheme through selective reduction of

share capital by cancelling and extinguishing the shares held by the Identified Shareholders and Dia Vikas, pursuant to which they will become direct shareholders of the Bank to the extent and subject to the conditions specified in the Scheme.

i) The Scheme will ensure compliance with the regulatory ceiling on Dia Vikas's direct shareholding in the Petitioner Company, even on a fully diluted basis assuming conversion of its Convertible Securities, without any actual conversion or alteration of the terms of such Convertible Securities.

j) Upon coming into force of the Scheme, the Equity Shares held by Dia Vikas in the Petitioner Company will be partially extinguished and reduced in exchange for 4.99% of the shares of the Bank, while its direct shareholding in the Petitioner Company will remain within 20%. The Equity Shares held by the Identified Shareholders in Schedule I will be completely extinguished and reduced, pursuant to which they will become direct shareholders of the Bank in the manner and subject to the conditions specified in the Scheme.

k) Towards settlement of consideration for the reduction of share capital, to every Identified Shareholder in Schedule I to the Scheme, if the aggregate of (a) Value of the Share Entitlement; and (b) Value of Tax Adjustments; were to be less than the Fair Market Value of the number of Equity Shares they are holding in the share capital of the Company, the Scheme provides for cash pay-out also.

l) Consequently, the Scheme contemplates, and will result in, reduction of investment held by the Company in the shares of the Bank.

m) The Scheme does not involve compromise or arrangement that would affect the interests of any of the stakeholders of the Company nor would the Scheme affect the Company's solvency or its ability to fulfil

its commitments or meet its obligations in the ordinary course of business.

6. The following shareholders have been identified as the Identified Shareholders under the Scheme of Arrangement:

Sl No	IDENTIFIED SHAREHOLDERS
1.	MR. GEORGE THOMAS
2.	MR. JACOB SAMUEL
3.	PROF. ELIZABETH JOHN
4.	MRS. SALEENA GEORGE
5.	MR. JAMES VARGHESE
6.	DR. IDICHERIANINAN
7.	MR. CHERIAN MATHEW
8.	DR. E. MATHAI
9.	MR. JOSE THOMAS
10.	MR. GEORGE K. JOHN
11.	MR. SIBUK.A
12.	MR. SOYI K. ELIAS
13.	MR. P.V. JOSE
14.	MR. JOJY KOSHY VARGHESE
15.	MS. SHEENA
16.	MRS. JESSYAMMA JOSEPH
17.	MS. CHRISTEENA SUNNY
18.	MR. DAVID MATHEW
19.	ESAF STAFF WELFARE TRUST - REPRESENTED BY MR. GEORGE THOMAS
20.	DIA VIKAS CAPITAL PRIVATE LIMITED
21.	RAPHAEL PARAMBI
22.	THOMAS JOSEPH & SHERLY THOMAS
23.	SHERLY THOMAS & THOMAS JOSEPH
24.	PADMAKUMAR K.
25.	ROY ALEX
26.	CHRISTUDAS K V
27.	JOSEPH VARGHESE
28.	JIJO KURIAPPAN
29.	RAJESH SREEDHARAN PILLAI
30.	AZI AKBAR
31.	SAM THOMAS

32.	LEO SAMUEL
33.	PHILIP JOHN
34.	TD JOSE
35.	SONY V MATHEW
36.	JUBILEE SHERINE GEORGE
37.	CEDAR RETAIL PRIVATE LIMITED

7. Upon coming into force of the Scheme, the demat accounts of the Identified Shareholders will be credited with their adjusted share entitlement, and any adjusted cash entitlement will be credited to their respective bank accounts. The Petitioner Company will take necessary steps to give effect to the transfer of the Bank's shares, including appropriate measures where shares are held in physical form. The reduction of share capital and the corresponding reduction in the Petitioner Company's investment in the Bank will be recorded in its books in accordance with applicable Accounting Standards and reflected in its financial statements.

8. The Scheme does not involve any variation in the terms or conditions of employment of the employees of the Petitioner Company. Their services will continue, and they will retain the benefits they enjoyed before the capital reduction.

9. The Scheme does not involve any compromise, arrangement, or dilution of the interests of creditors. As on the date of approval of the Scheme by the Board, the Petitioner Company had no creditors of any class, and the rights of any creditors will not be affected by the Scheme.

10. Upon the Scheme coming into force, all existing contracts, deeds, bonds, agreements, instruments, writings and other arrangements to which the Petitioner Company is a party will continue to remain in full force and effect, in favour of or against the Petitioner Company, as they existed immediately before the Effective Date.

11. Affidavit in support of the above petition has been sworn by Ms Mareena Paul, authorised signatory of Petitioner Company, and has been duly filed, along with the petition.

12. The Petitioner Company had submitted individual consent affidavits of 43 equity shareholders constituting 99.96% of its paid-up equity share capital. The remaining shareholder holding 0.04% of the paid-up equity share capital, who resided in the United States, could not formally furnish the consent affidavit due to practical difficulties arising from prevailing geopolitical conditions and travel restrictions. However, the said shareholder had conveyed his consent to the proposed Scheme and had expressed no objection to the dispensation of the meeting through email dated 28.03.2026. The Petitioner Company had also submitted the consent affidavit of its sole preference shareholder, constituting 100% of the paid-up preference share capital, and had stated that it had no secured or unsecured creditors.

13. In view of the aforesaid consents, this Tribunal, vide order passed in the First Motion Application **CA(CAA)/07/KOB/2026**, dispensed with the requirement of convening the meetings of the equity shareholders and preference shareholder and obviated the need for meetings of Secured Creditors and Unsecured Creditors.

14. The Second Motion petition was moved by the Petitioner Company in connection with the Scheme of Arrangement. As per the provisions of the Companies Act, 2013, notices were served to the Statutory Authorities under Section 230(5) of the Companies Act, 2013 containing all the disclosures as mentioned in Rule 6(3) of the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016, irrespective of the fact that meetings have been dispensed with. Accordingly, notices along with the explanatory statement and all the disclosures, as mentioned, were sent to the following authorities,

namely Regional Director, Ministry of Corporate Affairs; Registrar of Companies; Income Tax Department; Sales Tax Department; the Official Liquidator; the Reserve Bank of India; Goods and Services Tax Department; Securities and Exchange Board of India; Bombay Stock Exchange; National Stock Exchange of India; Enforcement Directorate; and other concerned Authorities, if any. The Petitioner Company, in compliance with the above-stated directions, duly filed an Affidavit of Service by confirming the aforesaid Notices.

15. This Tribunal, vide order dated 27.05.2026, had directed the Petitioner Company to publish the advertisement of the notice of hearing in the Malayalam daily **"Mathrubhumi"** and the English daily **"The Hindu"** as per Rule 16 of the Companies CAA Rules, 2016. In compliance with the same, the Petitioner Company published the advertisement in the respective newspapers on 17.06.2026 and duly filed an Affidavit confirming the same.

16. The **Regional Director** of the Ministry of Corporate Affairs filed their **report on 24.08.2026** stating that the scheme was examined and certain observations were made in the report. In response to the observation made by the Regional Director, the Petitioner Company have filed their response, and the clarifications and undertakings given by the Petitioner Company are summarized in the table below: -

Sl. No	RD Observations	Response of the Petitioner Company
1.	Para 16 of the Report of the Regional Director suggested that an Undertaking be filed before the Hon'ble Tribunal stating that 'as and when the demand arises from the Income Tax against the Petitioner	The Petitioner Company hereby undertakes to pay and discharge all valid demands raised by the Income Tax Authorities against the Petitioner Company as and when they arise. It is further submitted that some of the demands listed out in the report of the Income Tax Department dated 09th July

	Company, Petitioner Company is ready to pay the said dues."	2026 have already been fully paid/discharged by the Petitioner Company and some are currently under sub-judice and pending for hearing before appellate authorities as submitted in detail in the reply to the Income Tax Department memo dated 27th July 2026.
2.	Para 17 of the Report states that Order of Hon'ble NCLT dated 27.05.2026, Petitioner Company was directed to serve notice to the following Statutory Authorities: (a) Regional Director (b) Registrar of Companies (c) Income Tax Department (d) Sales Tax Department (e) Official Liquidator (f) Reserve Bank of India (g) Goods and Services Tax Department (h) Securities and Exchange Board of India (i) Bombay Stock Exchange (j) National Stock Exchange of India (k) Enforcement Directorate (1) Other Concerned Authorities, if any. The Hon'ble Tribunal may be pleased to direct the Petitioner Company to show whether the Company has complied with the above directions, if so, to provide the proof of serving notices to the concerned authorities as stated at 19(a) to (I) and also kindly requested to make them all parties to the Petition and to hear them for arriving at a logical conclusion.	The Hon'ble National Company Law Tribunal, Kochi Bench (Hon'ble Tribunal) vide Its order dated 27th May 2026 ("Order") had directed the Issuance of notices and reminder notices as the case may be along with copy of the Order to all the statutory authorities listed in the Order. It is respectfully submitted that in compliance with the aforesaid Order the notices/reminder notices as the case may be were sent to each of the statutory authorities specified in Regional Director's Report [17(a) to 17(1)]. An affidavit of service evidencing delivery of notices to all the concerned authorities was duly filed before the Hon'ble Tribunal on 23.06.2026 vide e-filing no. 3214117005282026 and physical copy served through courier and the same was delivered on 24.06.2026. The status of responses received from the respective authorities is detailed below: a. Notice from Income Tax (IT) Department: The Income Tax Department filed a memo indicating certain outstanding tax demands. The Petitioner Company filed a detailed and comprehensive reply duly before Hon'ble Tribunal vide e-filing no. 3214117005282026 on 27th July 2026

		after serving a copy of the same to the concerned Income Tax Officer vide email on the same date. b. Queries from Regional Director (RD), South-western Region: The Petitioner Company had received queries on 06th July 2026 from the Regional Director, and a suitable reply to the same has already been filed before the RD on 17th July 2026 vide e-mail and the hard copy of the reply was physically handed over on 22nd July 2026 and the RD has also now submitted their Report dated 24th August 2026. c. Notice from Goods and Services Tax (GST) Department: The GST Department issued a communication confirming that no dues are outstanding against the Petitioner Company. A copy of the said communication is attached herewith as Annexure No.2 for ready reference. No reply was required warranted in this case. d. Communication from National Stock Exchange (NSE): The NSE, in its response to the e-mail, confirmed that obtaining its no-objection was not applicable in the present matter. A screenshot of the email communication received is attached herewith as Annexure No. 3 for ready reference. No reply was required warranted in this case. e. Notice from Official Liquidator (OL): The Official Liquidator (OL) filed a representation before the Registry citing non-applicability of its report in the matter. A copy of the said notice is already filed with Registry by the Official liquidator, however a copy of the same is enclosed herewith as Annexure No.4 for ready reference.

		f. The Petition in itself is filed after obtaining the concurrence of the Reserve Bank of India and the revised scheme has already been taken on record by the RBI vide letter dated 19th December 2025. g. The Registrar of Companies, Kochi, Kerala had filed their Report dated 08.07.2026 with the Regional Director, Southern Region and the same was filed before the Hon'ble Tribunal on 24th August 2026 without any adverse observations or qualifications. The same was enclosed along with the Report of the RD. h. Other Statutory Authorities: The Petitioner Company is an unlisted private limited company. Consequently. regulatory approvals from SEBI and stock exchanges (BSE/NSE) are not applicable to the proposed Scheme. Despite due service of notices, no response has been received from SEBI, BSE, Enforcement Director till date.
3.	Para 18 of the Report states that as per Scheme, it has been stated that the company seeks to re-organise the shareholding pattern of the company in terms of the scheme resulting in selective reduction of share capital by cancelling and extinguishing the shares held by the identified shareholders. Hence, the Hon'ble Tribunal may be pleased to direct the Petitioner Company to state why the Petitioner Company has not opted for provisions of Section 66 of the Companies Act, 2013 when the proposal in scheme is a reduction of share capital.	The Petitioner Company respectfully submits that the proposed Scheme has been filed under Section 230 of the Companies Act, 2013, as it contemplates capital restructuring involving selective reduction and extinguishment of equity shares, transfer of equity shares held by the Petitioner Company. Settlement of consideration through cash adjustments, restructuring of investments, and other consequential and incidental matters. These transactions are interdependent and form part of a single composite arrangement, the implementation of which is intended to take effect simultaneously.

	Hence, Company may be directed to comply with Section 66 of the Companies Act, 2013 with respect to reduction of Share Capital."	It is submitted that the objectives sought to be achieved under the scheme of arrangement cannot be effectively accomplished by resorting to individual provisions of the Companies Act, 2013 ("Act"), such as Section 66 (reduction of share capital), buy-back of shares under Sections 68 to 70, or independent transfer of shares and investments. Section 66 of the Act contemplates a simpliciter reduction of share capital and is primarily intended for (i) extinguishing or reducing the liability on any of the shares in respect of share capital not paid-up, (ii) cancelling paid-up share capital which is lost or unrepresented by available assets, or (iii) paying off paid-up share capital which is in excess of the wants of the company. The proposed reduction of share capital under the present scheme does not arise on account of any of the aforesaid circumstances. Instead, it forms one component of an integrated restructuring exercise undertaken with the objective of ensuring compliance with the directions of the Reserve Bank of India governing the shareholding in the Petitioner Company of Dia Vikas Capital Private Limited, a FOCC as per the Foreign Exchange Management Act, 1999 and the Petitioner Company's shareholding in ESAF Small Finance Bank Limited. Accordingly, the proposed capital restructuring falls beyond the scope of a standalone proceeding under Section 66 of the Act. Section 230 of the Act has been specifically enacted to facilitate composite arrangements and compromises, enabling all interdependent transactions forming part

		of a single restructuring exercise to be implemented through one integrated scheme with the sanction of the Tribunal. Further, the specific query regarding the applicability of Section 230 of the Act over Section 66 of the Act for capital reduction was previously raised by this Tribunal during the preliminary hearings. In compliance with the directions of this Hon'ble Tribunal, the Petitioner Company had compiled and submitted a comprehensive compilation of judicial precedents and case laws in support of the Petition and its structuring. The said compilation of case laws was filed on 06.04.2026 vide E-Filing No.3214117002502024/4 and case diary no.959/26 dated 07.04.2026.

17. The **Official Liquidator** filed their **report on 16.07.2026.** The Official Liquidator stated that the Scheme was an arrangement between the Petitioner Company and its shareholders and that the Petitioner Company would continue to exist upon implementation of the Scheme and raised no objection to the Scheme.

18. The **Income Tax Department**, filed their **report on 09.07.2026** and submitted that certain tax demands pertaining to various assessment years remained outstanding against the Petitioner Company, including demands under Sections 115WE, 250, 220(2), 147, 272A(1)(d) and 115P of the Income Tax Act, 1961. It was further submitted that, in view of such outstanding tax liabilities, the interests of the Income Tax Department would be affected by the proposed Scheme until the entire outstanding demand was fully discharged. Accordingly, the Department requested that the aforesaid outstanding tax demands be taken into consideration by this Tribunal while examining and

considering the sanction of the Scheme of Arrangement under Section 230 of the Companies Act, 2013.

19. The Petitioner Company, in its reply dated 27.07.2026 to the Memo filed by the Income Tax Department, submitted that the outstanding demands stated by the Department aggregating to Rs. 1,05,68,338/- did not represent subsisting and undisputed liabilities. It was submitted that the demand for Assessment Year 2009-10 had already been discharged on 20.10.2014, though the payment had inadvertently been made under an incorrect challan head and the same had been intimated to the concerned Income Tax Official. In respect of Assessment Year 2011-12, the Petitioner Company submitted that it had preferred an appeal before the Income Tax Appellate Tribunal and that the matter was pending adjudication and had not attained finality. The principal tax demand for Assessment Year 2013-14 had been discharged on 10.02.2022, while the amount reflected on the Income Tax portal represented interest under Section 220(2) of the Income Tax Act, 1961. The demands pertaining to Assessment Years 2017-18 and 2018-19 had also been discharged on 17.07.2026 and 14.07.2026, respectively. In respect of Assessment Year 2020-21, the demands reflected under Sections 115P and 220(2) of the Income Tax Act, 1961 had been discharged, though the corresponding amounts continued to be reflected on the Income Tax portal. The Petitioner Company, by a subsequent Memo dated 15.09.2026, placed on record the updated status of the aforesaid demands and submitted that the demands for Assessment Years 2009-10, 2013-14, 2017-18, 2018-19 and 2020-21 had been fully discharged, while the demand for Assessment Year 2011-12 remained sub judice. The Petitioner Company enclosed the challans evidencing payment of the demands for Assessment Years 2009-10, 2013-14, 2017-18, 2018-19 and 2020-21 as Annexure Nos. 1, 3, 4, 5, 6 and 7, respectively, and the appeal acknowledgment in respect of Assessment Year 2011-12 as Annexure No. 2. It was further

submitted that the proposed Scheme did not extinguish, compromise or prejudice any legitimate rights or remedies available to the Income Tax Department in respect of any demand that might ultimately attain finality.

20. The Petitioner Company had also filed an Affidavit of Undertaking pursuant to the directions of this Tribunal dated 07.09.2026. By the said Affidavit, the Petitioner Company had undertaken to comply with and discharge all valid and legally enforceable statutory income-tax demands, including any demand arising upon the final adjudication of the pending proceedings, without prejudice to its right to contest any disputed demand before the competent authority or appellate forum. It was further stated that Clause 7.1 of the Scheme expressly provided for the continuation and enforcement of all pending or future proceedings, demands and legal proceedings by or against the Petitioner Company notwithstanding the Scheme and, accordingly, any outstanding income-tax demand would continue to be enforceable against the Petitioner Company. The Petitioner Company had also stated that its net worth as per the audited financial statements as on 31.03.2025 was Rs. 32,651.26 lakhs, which was sufficient to meet and discharge such demands.

21. The **State GST Department**, Thrissur, has submitted its response dated 20.06.2026, stating that, based on the information received from its subordinate offices, no claims or outstanding dues are pending against the Petitioner Company. The **State Tax Officer**, Taxpayer Services Circle, Mannuthy, vide communication dated 09.06.2026, has also confirmed that, as per the records available in the office and the GST backend, no dues are outstanding against the Petitioner Company.

22. We have heard the learned counsel appearing for the Petitioner Company and the representatives of the statutory authorities. We have perused the Company Petition, the Scheme of Arrangement, the reports and responses filed by the

statutory authorities, the valuation report, the consent affidavits and the clarification memos filed by the Petitioner Company. We have also considered the explanations furnished in response to the queries raised by this Tribunal.

23. The present Scheme of Arrangement has been proposed by ESAF Financial Holdings Private Limited which is principally an investment holding company and holds 52.87% of the paid-up share capital of ESAF Small Finance Bank Limited as on the Appointed Date, i.e., 30.09.2025. The main objective of the Scheme is to enable certain shareholders of the Petitioner Company to hold shares directly in ESAF Small Finance Bank Limited instead of continuing to hold an indirect interest in the Bank through the Petitioner Company. The Scheme also provides for restructuring the shareholding of Dia Vikas Capital Private Limited in the Petitioner Company in accordance with the requirements communicated by the Reserve Bank of India.

24. The Scheme consists of two parts. Under the first part, the 36 Identified Shareholders listed in Schedule I are proposed to exit the Petitioner Company completely. The shares held by them in the Petitioner Company will be extinguished, and in consideration thereof, they will receive proportionate shares of ESAF Small Finance Bank Limited, together with the applicable cash component, if any, in accordance with the formula provided in the Scheme. Under the second part, Dia Vikas Capital Private Limited is proposed to receive shares of the Bank representing 4.99% of its paid-up share capital. The corresponding shares held by Dia Vikas in the Petitioner Company will be extinguished, and it will continue to hold 19.06% of the diluted equity share capital of the Petitioner Company, apart from its continuing preference shareholding.

25. The shareholding particulars furnished in Annexure 2 to the Consolidated Clarification Memo indicate that the 36 Identified Shareholders collectively

hold 8,229,828 equity shares, representing 5.08% of the diluted share capital of the Petitioner Company. Upon implementation of the Scheme, they are proposed to receive 12,666,301 equity shares of the Bank, representing 2.46% of its share capital, and will cease to hold any equity shares in the Petitioner Company. Similarly, Dia Vikas Capital Private Limited, which presently holds 15,698,216 shares representing 25.94% of the diluted equity share capital of the Petitioner Company, is proposed to receive 25,724,115 shares of the Bank, representing 4.99% of its share capital, while retaining 19.06% of the diluted equity share capital of the Petitioner Company.

26. The Petitioner Company has further explained the basis on which the shareholders have been classified as Identified Shareholders. According to the Petitioner Company, the promoter, the promoter's relatives and ESAF Swasraya Multi-State Agro Cooperative Society Limited have been excluded, and the selected shareholders have been identified for the purpose of enabling them to become direct shareholders of the Bank. The explanation furnished by the Petitioner Company in this regard has been taken into consideration while examining the Scheme.

27. The Petitioner Company has placed on record the valuation report dated 31.01.2026 prepared by the Registered Valuer, Mr. Asir Raja Selvan. The valuation was undertaken with reference to the financial position of the Petitioner Company as on 30.09.2025. Considering that the Petitioner Company is principally an investment holding company, the valuer adopted the Adjusted Net Asset Value method for determining the fair value of its equity shares. The value of the equity share of the Petitioner Company was determined at Rs. 52.94 per share.

28. For determining the value of the shares of ESAF Small Finance Bank Limited, the valuer adopted the 30 day volume weighted average market price. The

value of each Bank share was determined at approximately ₹29.53 as on 30.09.2025. The valuation report sets out the methodology adopted and the reasons for selecting the respective valuation methods, having regard to the nature of the Petitioner Company and the listed status of the Bank.

29. The Annexure 2 of the Consolidated Clarification Memo filed by the Petitioner Company also sets out the shareholder wise particulars of the shares held in the Petitioner Company, the number of Bank shares proposed to be received, the cash component after applicable taxes and the effective value received. The aggregate figures indicate that the Identified Shareholders are proposed to receive 12,666,301 shares of the Bank, with an effective value of Rs. 374,035,991/- and a separate cash component of Rs. 26,479,453/-. The Petitioner Company shall ensure that the actual entitlement of each shareholder is calculated strictly in accordance with the formula provided in the Scheme and the applicable tax adjustments.

30. We also note that the valuation report is based on information and financial particulars furnished by the management of the Petitioner Company. The Petitioner Company and its Board of Directors shall remain responsible for the accuracy and completeness of the information furnished to the valuer and for ensuring that the Scheme is implemented in accordance with the valuation and disclosures placed before this Tribunal.

31. We have considered the correspondence issued by the Reserve Bank of India. By communication dated 27.10.2025, the Reserve Bank of India required the revised arrangement to ensure that the direct shareholding of Dia Vikas Capital Private Limited in the Bank would be below 5% and its shareholding in the Petitioner Company would be below 20%.

32. The subsequent communication dated 19.12.2025 records that the revised Scheme was taken on record by the Reserve Bank of India, subject to

compliance with applicable statutes, regulations and guidelines and the submission of further updates. The said communication is not an unconditional approval of the Scheme. The Petitioner Company and ESAF Small Finance Bank Limited shall, therefore, ensure compliance with all applicable regulatory requirements and directions of the Reserve Bank of India while implementing the Scheme.

33. The shareholding particulars furnished by the Petitioner Company indicate that, after implementation of the Scheme, Dia Vikas Capital Private Limited will hold 4.99% of the Bank and 19.06% of the diluted equity share capital of the Petitioner Company. The Petitioner Company shall ensure that these shareholding limits and all other applicable regulatory conditions are complied with.

34. It is further noted that the Petitioner Company has submitted that the proposed extinguishment of its equity shares under the Scheme forms part of a capital reorganisation and does not constitute a buy-back of securities under Section 68 of the Companies Act, 2013. It is contended that the arrangement involves the transfer of shares held by the Petitioner Company in the Bank to the concerned shareholders, against the extinguishment of their corresponding shares in the Petitioner Company.

35. Section 230(10) of the Companies Act, 2013 provides that a compromise or arrangement involving a buy-back of securities shall not be sanctioned unless such buy-back is in accordance with Section 68. The Act also clarifies that Section 66 shall not apply to a reduction of share capital effected pursuant to an order of the Tribunal under Section 230. Therefore, the applicability of these provisions has to be examined with reference to the actual nature and effect of the arrangement.

36. In the present Scheme, the Petitioner Company is not proposing to acquire its own shares. The arrangement provides for the extinguishment of the shares held by the concerned shareholders and the corresponding transfer of the Bank shares held by the Petitioner Company to them. The payment of a cash component to certain shareholders forms part of the consideration mechanism prescribed under the Scheme. Having considered the structure of the arrangement and the explanation furnished by the Petitioner Company, the proposed transaction is being examined as a restructuring of shareholding under Section 230 of the Companies Act, 2013. However, the sanction of the Scheme shall not dispense with compliance with Section 68 or any other applicable statutory provision if the transaction, in its implementation or substance, attracts such provision.

37. The Petitioner Company has also explained the manner in which the applicable tax liabilities are proposed to be considered while determining the cash component payable to the Identified Shareholders. It has also stated that the necessary tax deductions and remittances will be made in accordance with the applicable provisions of the Income-tax Act. The tax treatment explained by the Petitioner Company shall remain subject to the determination of the competent Income Tax authorities and the applicable law.

38. The Petitioner Company shall ensure that all applicable taxes are duly deducted and deposited within the prescribed time and that the concerned shareholders are provided with the relevant particulars. Any shortfall or excess in tax deduction or payment shall be dealt with in accordance with law. We have also considered the report of the Income Tax Department referring to outstanding demands aggregating to Rs. 1,05,68,338/-. The Petitioner Company has submitted that certain demands have since been discharged, that an appeal in respect of the assessment year 2011–12 is pending and that it

undertakes to discharge all valid and enforceable demands upon final adjudication. The sanction of the Scheme shall not affect or extinguish any statutory tax liability of the Petitioner Company or its shareholders, and the Income Tax Department shall remain at liberty to pursue any valid and legally enforceable demand in accordance with law.

39. Having considered the Scheme, the valuation report, the shareholding particulars, the explanations furnished by the Petitioner Company and the reports of the statutory authorities, we have examined the proposed arrangement with reference to the applicable provisions of the Companies Act, 2013 and the interests of the stakeholders concerned and accordingly the present Scheme of Arrangement of the Petitioner Company and its Shareholders are **hereby sanctioned and approved**.

40. The **appointed date** as proposed in the Scheme of Arrangement i.e., **30.09.2025** by the Petitioner Company, is confirmed by this Tribunal.

41. The Petitioner Company and the concerned parties shall ensure that the implementation of the Scheme is strictly in accordance with the directions and conditions stipulated by the Reserve Bank of India, including the applicable restrictions on the shareholding of Dia Vikas Capital Private Limited in the Petitioner Company and ESAF Small Finance Bank Limited. The sanction of the Scheme shall not be construed as dispensing with any further approval or compliance required under the applicable RBI directions.

42. The transfer of equity shares of ESAF Small Finance Bank Limited to the Identified Shareholders shall be effected subject to compliance with all applicable provisions of the SEBI regulations, listing requirements, depository regulations, FEMA and other applicable laws, wherever attracted. The Petitioner Company and the concerned parties shall obtain such approvals,

exemptions or permissions as may be required for implementation of the Scheme.

43. The sanction of the Scheme shall not release the Petitioner Company from any of its existing debts, liabilities or obligations towards its creditors or any other person. All such debts, liabilities and obligations shall continue to remain payable and enforceable in accordance with law.

44. The Petitioner Company shall implement the Scheme in accordance with its sanctioned terms and complete all necessary accounting entries and statutory formalities.

45. The Petitioner Company shall give effect to the accounting treatment provided in the Scheme in accordance with the applicable Accounting Standards and the certificate issued by its statutory auditor, subject to the requirements of law.

46. The Petitioner Company is directed to file a certified copy of this Order along with a copy of the Scheme with the concerned Registrar of Companies, electronically in form INC-28 within 30 days from the date of receipt of the Order.

47. The Petitioner Company to lodge a copy of this Order along with the Scheme duly authenticated/certified by this Tribunal, with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty payable, if any, on the same within 60 days from the date of receipt of the certified Order.

48. All concerned authorities and interested persons are at liberty to approach this Tribunal for any directions necessary in connection with the implementation of the Scheme.

49. Any concerned Authorities are at liberty to approach this Tribunal for any further clarification as may be necessary.

50. Accordingly, the **CP(CAA)/02/KOB/2026** stands **allowed** and disposed of in the above terms.

51. Let a copy of the order be served to the parties.

Sd /-	**Sd /-**
RAVICHANDRAN RAMASAMY	**VINAY GOEL**
(MEMBER TECHNICAL)	**(MEMBER JUDICIAL)**

Signed on this the 19th day of November, 2026.

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