

## NOTICE TO THE MEMBERS

**Notice** is hereby given that the 26<sup>th</sup> Annual General Meeting (**the 'AGM'**) of the members of Fincare Small Finance Bank Limited (**'the Bank'/'the Company'**) will be held on Monday, November 8, 2021 at 11:00 A.M. through Video conferencing ("VC")/other Audio-Visual Means ("OAVM") without the physical presence of members. The venue of the AGM shall be deemed to be the registered office of the Bank at 301-306, 3rd Floor, ABHIJEET -V, Opp. Mayor's Bunglow, Law Garden Road, Mithakhali, Ahmedabad, Gujarat-380006 India. The following ordinary and special businesses will be transacted at the AGM:

### ORDINARY BUSINESS

#### 1. Adoption of financial statements

To receive, consider and adopt the Audited Financial Statements of the Bank for the financial year ended 31<sup>st</sup> March, 2021 including Balance Sheet as at 31<sup>st</sup> March, 2021, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date together with the Directors' and the Auditors' Report thereon.

#### 2. Appointment of Statutory Auditors

To consider and appoint M/s S R Batliboi & Associates, LLP (FRN 101049W) as the Statutory Auditors of the Bank and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**"RESOLVED THAT**, pursuant to the provisions of sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the rules framed thereunder, the applicable provisions of the Banking Regulation Act, 1949 (including any amendments, modifications, variations or re-enactments thereof), applicable guidelines and circulars issued by Reserve Bank of India and also basis the recommendations from the Board of Directors, M/s. S R Batliboi & Associates, LLP (FRN 101049W), be and are hereby appointed as the Statutory Auditors of the Bank to hold office for a term of three (3) years beginning from the conclusion of ensuing Annual General Meeting until conclusion of 29<sup>th</sup> Annual General Meeting to be held for the financial year 2023-24 on such terms and conditions including remuneration as approved by the Board of Directors and subject to:

- the prior approval of the Reserve Bank of India for their re-appointment for FY 2022-23 and FY 2023-24
- and the statutory auditor meeting the eligibility criteria under Companies Act, 2013"

#### 3. Re-appointment of Mr. Sameer Yogesh Nanavati, Nominee Director, who is liable to retire by rotation

To consider re-appointment of Mr. Sameer Yogesh Nanavati (DIN-00157693), Nominee Director, who retires by rotation and being eligible, offers himself for re-appointment

### FINCARE SMALL FINANCE BANK

Registered Office: 301-306, 3rd Floor, ABHIJEET -V, Opp. Mayor's Bunglow, Law Garden Road, Mithakhali Ahmedabad Ahmedabad GJ 380006 IN

Head Office: #835/39 5th Floor, Bren Mercury, Kaikondanahalli, Sarjapur Main Road, Bengaluru 560035 Karnataka  
[www.fincarebank.com](http://www.fincarebank.com); Email id: [sfbcompsec@fincarebank.com](mailto:sfbcompsec@fincarebank.com); Tel No. +91 80 4250 4444

CIN: U67120GJ1995PLC025373

and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the relevant Rules thereunder (including any amendments, modifications, variations or re-enactments thereof for the time being in force), the approval of the members of the Bank, be and is hereby accorded to re-appoint Mr. Sameer Yogesh Nanavati (DIN-00157693), who is liable to retire by rotation and being eligible, offers himself for re-appointment."

#### **SPECIAL BUSINESS**

#### **4. Regularization of appointment of Ms. Nanda Sameer Dave, Additional Director (Independent) as Independent Director of the Bank**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 read Schedule IV and relevant rules, other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) and in accordance with Articles of Associations of the Bank, Ms. Nanda Sameer Dave (DIN: 08673208), who was appointed as an Additional Director (Independent) with effect from June 21, 2021 on the Board of the Bank to hold office till the conclusion of the next General Meeting and in respect of whom notice proposing her candidature is received under Section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Bank for a period of 5 years from the date of her original appointment and she shall not be liable to retire by rotation."

#### **5. Approval on ESOP Scheme of the Bank (ESOP-2018-4-FSFB)**

**To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:**

**"RESOLVED THAT** in partial modification to the earlier resolution passed by the shareholders on May 10, 2019 and May 1, 2021 and pursuant to Section 62(1)(b) of the Companies Act, 2013 (the "Act") and other applicable provisions, if any, of the Act, and the applicable provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SBEB & SE Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and other rules, regulations, circulars and guidelines as may be applicable and subject to such approvals, consents, permissions and approvals as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Bank ("the Board"), which term shall include its duly empowered Committee(s) constituted/ to be constituted by it to exercise its powers including the powers conferred by this resolution), the approval of the Members be and is hereby accorded to the amendments to ESOP-2018-4-FSFB ("ESOP Scheme") as described in the Explanatory Statement.

**RESOLVED FURTHER THAT,** it is hereby noted that the amendments to the ESOP Scheme are being carried out to meet the regulatory requirement in terms of the SBEB & SE Regulations once the Bank is listed.

**RESOLVED FURTHER THAT**, the Board be and is hereby authorized on behalf of the Bank to make and carry out any modifications, changes, variations, alterations or revisions in the ESOP Scheme or to suspend, withdraw or revive the ESOP Scheme, in accordance with applicable laws prevailing from time to time, as it may deem fit, to give effect to this resolution.”

**By order of the Board of Directors**  
For Fincare Small Finance Bank Limited

Sd/-  
**Shefaly Kothari**  
Company Secretary and Compliance Officer

Place: Bangalore

Date: October 16, 2021

**NOTES:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) vide its circular dated April 08, 2020, April 13, 2020, May 5, 2020 and January 13, 2021 (collectively referred to as “MCA Circulars”) has permitted the holding of the General Meeting through VC / OAVM, without the physical presence of the members at a common venue.

As AGM is being held pursuant to the MCA Circulars through VC / OAVM, the facility to appoint proxy will not be required for the AGM and hence the proxy form and attendance slips are not annexed to this Notice. Also, the route map is not annexed to this Notice. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members such as the President of India or the Governor of a State or Body Corporates is entitled to appoint authorised representative to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting (Insta Poll).

2. The Explanatory Statement pursuant to provision of Section 102 of the Act, Secretarial Standard – 2 on General Meetings in respect of the special businesses is annexed hereto.
3. Considering the on-going pandemic situation and in compliance with the MCA Circulars, Notice of the AGM and the Annual Report of the Bank for financial year 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / DPs.
4. The Company has appointed M/s. KFin Technologies Private Limited (“KFIN or KFinTech”), as its Registrar and Share Transfer Agent (RTA), to provide VC facility for the AGM and the attendant enablers for conducting the AGM.
5. The Notice of the AGM is being sent to the members whose names appear on the Register of Members or Register of Beneficial Owners as received from RTA as at the close of business hours on October 12, 2021.
6. Members may note that the Notice of AGM and the Annual Report of the Bank for the financial year 2020-21 is uploaded on the Bank’s website on [www.fincarebank.com](http://www.fincarebank.com) and on the website of the service provider i.e KFIN (<https://evoting.kfintech.com>) in compliance

with the relevant circulars. Members who have not registered their email addresses are requested to register the same with the Company / RTA / respective depository participant(s) (“DPs”).

7. Members whose shares are in physical/ demat mode and whose email IDs are not registered and in consequence the Notice of AGM cannot be serviced, may temporarily get their email address and mobile number provided with KFinTech, by accessing the link: <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>. Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice with the User ID and Password. In case of any queries, member may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). Alternatively, member may send an e-mail request at the email id: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with scanned and signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual Report and Notice of AGM. Please note that in case the shares are in demat mode, the above facility is only for temporary registration of email address for receipt of the Notice of AGM along with User Id and Password. Members holding shares in electronic/demat form will have to register their email address with their DP’s permanently.
8. Institutional / corporate shareholders (i.e. other than individual / HUF, NRI etc.) are required to send a scanned copy of board resolution / authorization letter for authorizing the representative to attend the AGM of the Company through VC / OAVM on its behalf and to cast their vote through show of hands/poll. The said resolution/ authorization letter with attested specimen signature of the duly authorized representative shall be sent by registered email id to the scrutinizer at [info@parikhdave.com](mailto:info@parikhdave.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com) and [sfbcompsec@fincarebank.com](mailto:sfbcompsec@fincarebank.com). The scanned image of the above mentioned documents should be in the naming format Fincare Small Finance Bank\_Event No. 6344.
9. Members holding shares in electronic form are requested to intimate all changes pertaining to their name, postal address, email addresses, telephone/ mobile numbers, Permanent Account Number (PAN), their Company details such as, name of the Company and branch details, Company account number, MICR code, IFSC code, ECS mandates, nominations, power of attorney, change of address/name etc. to their DPs. Any changes effected by the DPs will be automatically reflected in the record maintained by the Depositories.
10. Members are requested to quote their DP ID & Client ID or Folio No. for all correspondences with the Company/RTA.
11. NRI Members are requested to:
  - a) change their residential status on return to India permanently.
  - b) furnish particulars of Company account(s) maintained in India with complete name, branch, account type, IFSC code, MICR code, account number and address of the Company with PIN Code no., if not furnished earlier.
12. Members can join the AGM in the VC/OAVM mode 15 (fifteen) minutes prior to the schedule time of meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the schedule time of the commencement of the Meeting by following the procedure mentioned in the Notice.

13. In case of Joint holder(s), the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
14. All documents referred to in this Notice and the Explanatory Statement setting out the material facts in respect of the special business and the Statutory Registers, will be made available for inspection by the Company and members seeking to inspect the same are requested to send an email to [sfbcompsec@fincarebank.com](mailto:sfbcompsec@fincarebank.com).
15. Members seeking any information with regard to accounts or operations are required to write to the Company at least seven days prior to the date of meeting through email at: [sfbcompsec@fincarebank.com](mailto:sfbcompsec@fincarebank.com) with their name, folio No. / DP ID and Client ID, so as to enable the management to keep the information ready. The same will be replied by the Company suitably.
16. Members who would like to express their views or wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Post Your Question' option which will be opened from November 4, 2021 (9.00 am) to November 6, 2021(5.00 pm).
17. Due to limitations of transmission and coordination during the Q & A session, the Company may dispense with the speaker registration during the e-AGM session.
18. Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Speaker Registration' which will be open from November 4, 2021 (9.00 am) to November 6, 2021(5.00 pm). Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the number of speakers at the AGM depending on the availability of time for the AGM. Those members who have registered themselves as Speakers will be allowed to express their views/ask questions during the AGM.
19. Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at <https://evoting.kfintech.com/>.
20. Members whose email IDs are registered with the Company/ Depository Participants(s), will receive an email from RTA i.e. Kfintech which will include details of USER ID and password. Members are requested to use these credentials at below mentioned URL. They will have to follow the following process:
  - i. Launch internet browser by typing the URL: <https://evoting.kfintech.com/>
  - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) 6344 followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Kfintech for e-voting, you can use your existing User ID and password for casting the vote.
  - iii. After entering these details appropriately, click on "LOGIN".
  - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with

at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- v. Once the password is changed, you need to login again with the new credentials.
  - vi. On successful login, the system will prompt you to select the “EVENT” i.e. FINCARE SMALL FINANCE BANK LIMITED-6344 and click on “Submit”.
  - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Record Date under “FOR/AGAINST” or alternatively, you may partially enter any number in “FOR” and partially “AGAINST” but the total number in “FOR/AGAINST” taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
  - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
  - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
  - x. You may then cast your vote by selecting an appropriate option and click on “Submit”.
  - xi. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
21. In case if a poll is demanded at the meeting, the shareholders can send details of voting at E mail ID: [fincarevoting@gmail.com](mailto:fincarevoting@gmail.com) by mentioning the following details:

Name:

DP ID / Client ID:

Address:

No of Shares:

Vote: In Favour Or In Against

In case the poll is demanded, M/s. Parikh Dave & Associates, Practicing Company Secretaries will act as Scrutinizer, appointed by the Board, to scrutinize the voting process in fair and transparent manner. The Scrutinizer will provide their report on the votes cast in favour or against the resolutions proposed in AGM and upon receipt of the Scrutinizer report the Chairperson or his / her authorised representative will declare the results. The results of voting will also be uploaded on website of the Company at [www.fincarebank.com](http://www.fincarebank.com).

22. Details of Directors seeking appointment/re-appointment at the Annual General Meeting of the Company:

Sr. No.	Particulars		
1.	Name of Director	<b>Mr. Sameer Yogesh Nanavati</b>	<b>Ms. Nanda Sameer Dave</b>
2.	Date of Birth	October 3, 1971	August 31, 1960
3.	Date of Appointment	June 24, 2017	June 21, 2021
4.	Relationship with Directors	N.A	N.A
5.	Qualifications	Post graduate	Post graduate
6.	Expertise in functional area	Associated with the Bank since its inception.	Worked with Reserve Bank of India for over 30 years and retired as Executive Director
7.	Board Membership in other Companies as on March 31, 2021	<ol style="list-style-type: none"> <li>1. Barefoot Organics Private Limited</li> <li>2. Ilife Clinics and Research Private Limited</li> <li>3. Fincare Community Development Foundation</li> </ol>	<ol style="list-style-type: none"> <li>1. Kisetsu Saison Finance (India) Private Limited</li> </ol>
8	Chairman / Member of the Committee of the Board of directors in other companies as on March 31, 2021	N.A	<ol style="list-style-type: none"> <li>1. Member of Audit Committee of Kisetsu Saison Finance (India) Private Limited</li> <li>2. Member of Corporate Social Responsibility Committee of Kisetsu Saison Finance (India) Private Limited</li> <li>3. Chairperson of Nomination and Remuneration Committee of Kisetsu Saison Finance (India) Private Limited</li> <li>4. Chairperson of IT Strategy Committee of Kisetsu Saison Finance (India) Private Limited</li> </ol>
9	Number of Shares held in the Company as on March 31, 2021	7071	Nil

#### INSTRUCTION FOR MEMBERS FOR ATTENDING THE E-AGM:

1. Members will be provided with a facility to attend the e-AGM through VC/OAVM provided by RTA i.e. KFintech. Members may access the same at <https://emeetings.kfintech.com/> by using the login credentials provided in the email received from the Company/ KFintech. After logging in, click on the Video Conference tab and select the EVENT of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password or have forgotten the User ID

and Password may retrieve the same by following the remote e-Voting (Instapoll) instructions as mentioned above.

2. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.
3. Further, members will be required to use the camera, if any, and hence it is recommended to use the internet with a good speed to avoid any disturbance/glitch/garbling, etc. during the meeting.
4. While all efforts would be made to make the VC/OAVM meeting smooth, participants connecting through mobile devices, tablets, laptops, etc. may at times experience audio/video loss due to fluctuation in their respective networks. The use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.
5. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.
6. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.kfintech.com/>, the member may click “Forgot Password” and enter Folio No. or DP ID Client ID and PAN to generate a password.
7. Members who may require any technical assistance or support before or during the AGM are requested to contact KFintech at toll free number 1-800-309-4001 or write to them at [evoting@kfintech.com](mailto:evoting@kfintech.com).

#### **INSTRUCTIONS FOR MEMBERS FOR VOTING DURING THE E-AGM SESSION- INSTA POLL:**

1. Members / shareholders, attending the AGM through Video Conference shall be eligible to cast their vote through e-Voting system available during the AGM.
2. The e-Voting window shall be activated upon instructions of the Chairman during the AGM. The Chairman shall formally propose to the Members participating through VC/OAVM facility to vote on the resolutions as set out in this Notice of 26th AGM (AGM) and shall also announce the start of the casting of the vote at AGM through the e-Voting platform of our RTA - KFintech and thereafter the e-Voting (Insta Poll) at AGM shall commence. Upon the declaration by the Chairman about the commencement of e-Voting (Insta Poll) at AGM, Members shall click on the “Vote” sign on the left-hand bottom corner of their video screen for voting at the AGM, which will take them to the ‘Insta Poll’ page.
3. Members to click on the “Insta Poll” icon to reach the resolution page and follow the instructions to vote on the resolutions. The facility of Insta Poll will be available during the time not exceeding 15 minutes from the commencement of e-Voting as declared by the Chairman at AGM and can be used for voting only by those Members who hold shares as on the Record Date viz. October 12, 2021, and who are attending the meeting.

<b>Particulars</b>	<b>Details</b>
Time and date of AGM	11:00 A.M (IST) on Monday, November 8, 2021
Venue/Mode	Through video conference at below link: <a href="https://emeetings.kfintech.com/">https://emeetings.kfintech.com/</a>
Weblink for temporary registration to receive AGM Notice and Annual Report	<a href="https://ris.kfintech.com/clientservices/mobileereg/mobileemailreg.aspx">https://ris.kfintech.com/clientservices/mobileereg/mobileemailreg.aspx</a>
Contact details of RTA	Mr. Umesh Pandey, Manager



	<p>KFin Technologies Private Limited  Selenium Tower B, Plot 31 &amp; 32, Financial District,  Nanakramguda, Serilingampally Mandal,  Hyderabad - 500 032, Telangana  Email ids: einward.ris@kfintech.com;  umesh.pandey@kfintech.com  Website: <a href="https://www.kfintech.com">https://www.kfintech.com</a>;  Toll free number: 1- 800-309-4001</p>
--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

**By order of the Board of Directors**  
For Fincare Small Finance Bank Limited

Sd/-  
**Shefaly Kothari**  
Company Secretary and Compliance Officer

Place: Bangalore  
Date: October 16, 2021

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 4:**

Ms. Nanda Sameer Dave has been appointed as an Additional Director (Independent) of the Bank w.e.f. June 21, 2021 in accordance with the applicable provisions of the Companies Act, 2013 and Articles of Association of the Bank to hold office till the conclusion of the ensuing Annual General Meeting.

The Company has received necessary consent and declarations that she meets the criteria of Independence as required under the provisions of Section 149 (6) of the Companies Act, 2013 and further she is not disqualified from being appointed as Independent Director in terms of Section 164 of the Companies Act, 2013.

Considering her education, qualification and taking into account other aspects, it is proposed to regularize appointment of Ms. Nanda Sameer Dave as an Independent Director on the Board of the Bank.

The Board is of the view that the appointment of Ms. Nanda Sameer Dave as an Independent Director is desirable and would be beneficial to the Bank and hence recommends the said resolution no. 4 for approval by the shareholders.

All the relevant documents in connection to her appointment will be available for inspection online. The members desirous to inspect the documents can send their request at e mail id of the Company at [sfbcompsec@fincarebank.com](mailto:sfbcompsec@fincarebank.com).

Except Ms. Nanda Sameer Dave, being an appointee, none of the other Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested financially or otherwise in the proposed resolution

The Board recommends the said resolution to be passed as an ordinary resolution.

### **Item No. 5**

Fincare Small Finance Bank Limited (“**Bank**”) adopted the ESOP-2018-4-FSFB (“**ESOP Scheme**”) which is being implemented by the Bank.

Based on the approval of the Board of Directors (“**the Board**”), Nomination and Remuneration Committee and subject to the approval of the Members, it is proposed that the ESOP Scheme be amended in order to comply with the regulatory requirements in terms of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“**SEBI SBEB & SE Regulations**”).

In view of above, approval of Members is sought by way of a Special Resolution for Item No. 5 of the accompanying Notice, for authorizing the Board to amend the ESOP Scheme and do all such acts, matters, deeds and things and to take all steps and do all things and give such directions as may be required, necessary, expedient, incidental or desirable for giving effect to the amendment of the ESOP Scheme.

A draft of the ESOP Scheme with the proposed amendments shall be available for inspection online. The members desirous to inspect the documents can send their request at a mail id of the Company at sfbcompsec@fincarebank.com.

Details of the key variations of the ESOP Scheme are provided below:

<b>Clause No.</b>	<b>Position under the ESOP Scheme</b>	<b>Position under SBEB &amp; SE Regulations</b>
2.1	<p><b>Definition of employee</b></p> <p>a. a permanent employee of the Bank who has been working in India or outside India; or</p> <p>b. a director of the Bank, whether a whole-time director or not, but excluding an independent director, as defined in the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulation 2015; or</p> <p>c. an employee, as defined in sub-clauses (a) and (b) above, of a holding company of the Bank</p> <p>d. Does not include:</p> <p>i. an employee who is a ‘promoter’ or a person</p>	<p>The definition of an employee, except in relation to sweat equity, has been revised under SBEB &amp; SE Regulations to include an employee as designated by the company, who is <b><u>exclusively</u></b> working in India or outside India. Further, the ambit of an employee has been expanded to <b><u>include employees of group companies, including associate companies.</u></b> Consequently, stock options can be granted to employees of group companies, including associate companies as well.</p> <p><b>The ESOP Scheme is being revised to allow the grant of options to the employees of the associate and group company as well.</b></p>

	<p>belonging to the 'promoter group', each as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.</p> <p>Provided where the 'promoter' or 'promoter group' of a company is a body corporate, the promoters of that body corporate shall also be deemed to be promoters of such company. However, it is clarified that any identification of promoter pursuant to the above proviso is solely for the purpose of the ESOP Scheme.</p> <p>ii. director who either himself or through his relative (as defined under section 2(77) of the Companies Act, 2013) or through a body corporate, directly or indirectly, holds more than ten percent of the outstanding Shares of the Bank;</p>	
4.2	<p><b>Power of the compensation committee/ nomination and remuneration committee</b></p> <p>The Nomination and Remuneration Committee has been provided the authority to undertake various action in relation to the grant and exercise of options. Presently, the scope of authority provided is primarily in line with SEBI (Share Based Employee Benefits) Regulations, 2014.</p>	<p>Under Schedule 1, Part B of the SBEB &amp; SE Regulations, the committee is also required to lay down:</p> <ul style="list-style-type: none"> <li>(a) the exercise period within which the employee can exercise the options and that options would lapse on failure to exercise the same within the exercise period;</li> <li>(b) the specified time period within which the employee shall exercise the vested options in the event of termination or resignation;</li> <li>(c) the right of an Employee to Exercise all the Options, vested in him at one time or at various</li> </ul>

		<p>points of time within the Exercise Period;</p> <p>(d) the procedure for funding the exercise of options / SARs; and</p> <p>(e) the procedure for buy-back of specified securities issued under SBEB &amp; SE regulations, if to be undertaken at any time by the company, and the applicable terms and conditions, including:</p> <p>(i) permissible sources of financing for buy-back; (ii) any minimum financial thresholds to be maintained by the company as per its last financial statements; and (iii) limits upon quantum of specified securities that the company may buy-back in a financial year.</p> <p><b>The ESOP Scheme is being revised to provide the aforesaid power to the committee.</b></p>
8.1	<p><b>Exercise Price</b></p> <p>The exercise price under the ESOP Scheme means the price payable by the Option Grantee for exercising his/her Vested Options in accordance with the price mentioned in the letter of grant given to such Option Grantee in accordance with this ESOP Scheme, or any other price as may be determined by the Nomination and Remuneration Committee pursuant to the ESOP Scheme.</p>	<p>While a company is free to determine the exercise price, the exercise price is required to be in compliance with the accounting standards provided under Regulation 15 of the SBEB &amp; SE Regulations.</p> <p><b>The ESOP Scheme is being revised to provide that the exercise price under the ESOP Scheme would be in compliance with the accounting standards specified under the SEBI SBEB &amp; SE Regulations, including any 'Guidance Note on Accounting for employee share-based Payments' issued in that regard from time to time.</b></p>
8.2	<p><b>Policy for vesting in case of death or permanent incapacity</b></p> <p>The ESOP Scheme presently provides for immediate vesting of all the options granted in case of death or permanent incapacity.</p>	<p>A company implementing an employee stock option scheme is required to frame an appropriate policy with respect to the death or permanent incapacity of an employee, subject to applicable laws.</p> <p><b>The ESOP Scheme is being revised to provide that the appropriate policy shall be formulated providing for such policy.</b></p>
8.2	<p><b>Treatment of options in case of retirement on superannuation</b></p>	<p>In the event of retirement or superannuation, the options granted to an employee which have not vested, will not</p>

	Under the ESOP Scheme, in case the service of the employee is terminated due to retirement on superannuation, all the unvested options will lapse on the date of attainment of superannuation age.	expire, and continue to vest in accordance with their respective vesting schedules as per company's policies. <b>The ESOP Scheme is being revised to account for the above requirement under the SBEB &amp; SE Regulations.</b>
14.2	<b>Modification of the plan</b> Presently, the construct is that any amendment to the ESOP Scheme would require both board and shareholders' approval.	Companies can vary the terms of the scheme to meet any regulatory requirement without seeking shareholders' approval under the SBEB & SE Regulations. <b>The ESOP Scheme is being revised to account for the above requirement under the SBEB &amp; SE Regulations.</b>
16.3	<b>Disclosures required</b> Presently, the ESOP Scheme provides that the Bank will conform to the requirements of the 'Guidance Note on Accounting for Employee Share-Based Payments' (" <b>Guidance Note</b> ") or accounting standards as may be prescribed by the Institute of Chartered Accountants of India (" <b>ICAI</b> ") from time to time, including the disclosure requirements prescribed therein.	Companies are required to make disclosures in terms of Part G of Schedule I of the SEBI SBEB & SE Regulations. <b>The ESOP Scheme is being revised to provide that the necessary disclosures will be made in terms of the SEBI SBEB &amp; SE Regulations, 2021 at the time of grant, including as provided in Part G of Schedule I of the SEBI SBEB &amp; SE Regulations.</b>

**Rationale for the variation of the ESOP Scheme:**

- (a) The amendments, including those mentioned herein, are proposed to be undertaken in order to comply with the SEBI SBEB & SE Regulations on the listing of the Bank, and make corresponding changes in the ESOP Scheme.
- (b) The proposed amendments also contain certain editorial changes, and consistency changes.
- (c) The proposed amendments are not detrimental to the interests of the current option grantees of the Bank.

**Details of the employees who are beneficiaries of such variation:**

All eligible employees to whom the options have been granted under the ESOP Scheme.

Non-Independent Directors and other Key Managerial Personnel of the Bank, along with their relatives are deemed to be concerned or interested, to the extent of stock options

to be granted pursuant to the ESOP Scheme and to the extent of their shareholding in the Bank, if any.

None of the Independent Directors of the Bank, or their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the Members.

**By order of the Board of Directors**  
For Fincare Small Finance Bank Limited

Sd/-  
**Shafaly Kothari**  
Company Secretary and Compliance Officer

Place: Bangalore  
Date: October 16, 2021