

July 19, 2022

Dear Shareholder,

Re: Proposed initial public offering of Fincare Small Finance Bank Limited (“Fincare SFB”)

We write to you in relation to the captioned matter.

Pursuant to a letter dated July 01, 2022, we have been informed that subject to market conditions and receipt of applicable regulatory approvals and corporate authorizations, Fincare SFB is proposing to undertake an initial public offering of its equity shares (“**IPO**”) in accordance with applicable laws.

As you are aware, presently, the Share Purchase and Share Subscription Agreement dated January 9, 2017, as amended pursuant to first amendment agreement dated February 27, 2017 (“**SPSSA**”) and the articles of association (“**AoA**”) of Fincare Business Services Limited (“**FBSL**”) (as amended pursuant to resolutions of the board of directors and shareholders of FBSL dated April 27, 2021 and April 30, 2021, respectively) provide the shareholders of FBSL, in accordance with the terms and conditions set out thereunder, certain rights which pertain to the operation and management of Fincare SFB, or which will otherwise be pertaining to the proposed IPO by Fincare SFB (“**SFB Matters**”). A list of such matters is enclosed to this letter as Annexure I.

In light of the proposed IPO and the resultant change in the status of Fincare SFB as a listed company, and in order to ensure compliance with the applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, you are hereby: requested to provide your consent in relation to the items set out under ‘Super Majority Matters’ in Annexure I attached hereto, and the ‘Majority Matters’ in terms of the SPSSA, in relation to the following:

- (i) any amendments to the Fincare SFB ESOP Scheme 2018, to the extent required pursuant to the proposed listing of Fincare SFB, to ensure compliance with the applicable regulations issued by the Securities and Exchange Board of India (“**SEBI**”);
- (ii) the proposed changes in the capital structure of Fincare SFB, pursuant to the proposed issuance of equity shares by Fincare SFB in the IPO or a pre-IPO placement as disclosed in the draft red herring prospectus to be filed by Fincare SFB, as the case may be;
- (iii) the proposed transfer of equity shares held by FBSL in Fincare SFB, as part of the offer for sale in the proposed IPO by Fincare SFB; and
- (iv) the issue of shares pursuant to the proposed IPO.

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Ahmedabad, Gujarat, India, 380006

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CIN: U74900GJ2014PLC132578



In addition to the above, you are hereby requested to also provide your consent for the board of directors of FBSL (“**Board**”) to decide on such ancillary matters as may be required to be undertaken by FBSL in relation to or pertaining to the proposed IPO, including authorising the Managing Director/ Directors and/or the Company Secretary and/or the Chief Financial Officer to carry out all such acts, deeds, matters and things as may be deemed necessary in connection with the proposed IPO.

You are hereby also informed that the relevant SFB Matters under the SPSSA and the AoA, as set out under ‘Other Matters’ in Annexure I attached hereto, will accordingly be required to be waived/ amended in the manner provided for under the SPSSA or applicable law, as the case may be.

We would request you to acknowledge the receipt of this letter by sending us a countersigned copy of the consent and acknowledgement letter annexed hereto, for our records. Should you have any queries or comments to the proposed changes, timelines or process, please feel free to reach out to the undersigned, on or before 6:00 pm on July 23, 2022. In the event that we do not receive any feedback from you within these timelines, we reserve the right to accept that as your no-objection and consent to the proposed course of action as set out in this intimation letter.

We look forward to your continued support and cooperation.

Sincerely,

For and on behalf of
Fincare Business Services Limited

Karishma Khatri
Company Secretary

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We hereby acknowledge the receipt of the intimation letter dated July 19, 2022 from Fincare Business Services Limited, and the contents of the letter. We further provide our consent to the 'Super Majority Matters' set out under Annexure I of the intimation letter dated July 19, 2022, as required under the SPSSA and the AoA.

[Insert name of Shareholder]

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ANNEXURE I

SFB Matters

S. No.	Subject matter	Clause under the SPSSA	Corresponding Article under the AoA*
A.	<i>Super Majority Matters</i>		
1.	Issuance of ESOP scheme or variation thereto, requiring approval of super majority shareholders	Clause 2.5, read with Schedule X (A) (V) (xiii) – <i>Super Majority Matters</i>	Article 73(a)(xii) (Part A) and Article 73(a)(xii) (Part B)
2.	Any change in Bank's capital structure requires the approval of the Super Majority Shareholders of FBSL i.e., shareholders of FBSL collectively holding 66% or more of the share capital of FBSL	Clause 2.5, read with Schedule X (A) (V) (xiv) – <i>Super Majority Matters</i>	Article 73(a)(xiii) (Part A) and Article 73(a)(xiii) (Part B)
3.	Any transfer of (including creation of any encumbrance) any securities of the Bank save and except as provided in Clause B (IV) (<i>Right of First Offer</i>) of Schedule X of the SPSSA requires the approval of the Super Majority Shareholders of FBSL i.e., shareholders of FBSL collectively holding 66% or more of the share capital of FBSL	Clause 2.5, read with Schedule X (A) (V) (xvii) – <i>Super Majority Matters</i>	Article 73(a)(xvi) (Part A) and Article 73(a)(xvi) (Part B)
B.	<i>Other Matters</i>		
4.	Exit-IPO	Clause 2.5, read with Schedule X (A) (IX) – <i>Exit - IPO</i>	Article 46 (Part A) and Article 46 (Part B)
5.	<p>FBSL to provide to all shareholders of FBSL holding at least 1% of the share capital of FBSL and also to shareholders of FBSL who are insurance companies registered with the IRDAI:</p> <p>(i) CTC of unaudited quarterly financial statements of FBSL and its subsidiaries on standalone basis within 45 days of end of each financial year quarter;</p> <p>(ii) CTC of half yearly consolidated financial statements of FBSL and its subsidiaries within 45 days of the end of each financial half year;</p> <p>(iii) CTC of annual audited consolidated financial statements of FBSL and its subsidiaries within 15 days from the expiry of the timeline provided under the applicable law;</p> <p>(iv) a schedule of cash payments in excess of Rs. 20,000 made by FBSL and its subsidiaries in that month within 30 days after the end of each month;</p> <p>(vi) details on changes in shareholding pattern (including names of transferors, transferees, allottees and number of shares transferred or issued) of FBSL and its subsidiaries;</p> <p>(vii) CTCs of annual budget of FBSL and its subsidiaries with KPIs within 15 days from the approval of such budget;</p> <p>(viii) CTCs of minutes of meetings of FBSL and its subsidiaries' shareholders within 15 days from date on which such meeting is held;</p> <p>(ix) details and material updates on any litigation involving FBSL and its subsidiaries for an amount exceeding Rs. 5 crores; and</p>	Clause 2.5, read with Schedule X (A) (XII) (a) – <i>Information and Inspection Rights</i>	Article 49 (a) (Part A) and Article 49 (a) (Part B)

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S. No.	Subject matter	Clause under the SPSSA	Corresponding Article under the AoA*
	<p>(x) any regulatory actions taken against FBSL and its subsidiaries which has material adverse effect on FBSL or its subsidiaries or their business</p> <p>FBSL shall without unreasonable delay, provide to each Investor (as defined in the SPSSA) such information as such Investor from time to time requests with regard to any material developments in or affecting the Bank's business</p>		
6.	<p>Subject to RBI approval and applicable law, the Bank board shall be constituted as follows:</p> <ul style="list-style-type: none"> Majority directors will be independent, who will be recommended by the NRC of the Bank, provided however that prior written consent of TOF and LF will be required for the appointment of one ID each, so long as each of TOF and LF holds 5% in FBSL FBSL shall have the right to nominate 4 directors and 3 observers, and the MD on the Bank board, in the following manner: (i) each shareholder (other than Existing Shareholders) holding 15% or more in FBSL shall have the right to nominate 1 director. In case there are more than one shareholders, then they shall nominate one director as per inter-se mutual agreement, to be appointed by annual rotation; (ii) Existing Shareholders shall have the right to nominate 2 directors; (iii) SIDBI shall have the right to nominate 1 director so long as SIDBI holds 1% in FBSL; (iv) TOF/LF shall have the right to appoint one observer, until TOF/LF holds 5% in FBSL Each Qualifying Shareholder shall have a right of representation on the audit committee and NRC of the Bank. If Qualifying Shareholders' nominee director is not on these committees, then they have a right to appoint an observer to such committees 	<p>Clause 2.5, read with Schedule X (B) (I), (IA) and (II) – <i>Composition of the Board, committees, observers at the SFB</i></p>	<p>Article 69A (Part A) and Article 69A (Part B)</p>
7.	ROFO on shares held by shareholders of Bank	<p>Clause 2.5, read with Schedule X (B) (IV) – <i>Right of First Offer</i></p>	N/A

* The AoA has been amended pursuant to resolutions of the board of directors and shareholders of FBSL dated April 27, 2021 and April 30, 2021, respectively. Accordingly, some of the matters under the SPSSA listed above have updated corresponding Articles in the AoA. For details please refer to the AoA.

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