

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 8: TERMS OF THE ISSUE

8.1 SUMMARY TERMS

Security Name (Name of the non-convertible securities which includes (Coupon/dividend, Issuer Name and maturity year) e.g. 8.70% XXX 2015.	10.75% FINCARE SMALL FINANCE BANK LIMITED 2028
Issuer	Fincare Small Finance Bank Limited
Type of Instrument	Rated, subordinated, unsecured, listed, transferable, redeemable, non-convertible debentures
Nature of Instrument (Secured or Unsecured)	Unsecured
Seniority (Senior or Subordinated)	Subordinated
Eligible Investors	Please refer Section 9.14.
Listing (name of stock Exchange(s) where it will be listed and timeline for listing)	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p><i>"Listed on BSE</i></p> <p><i>The issuer agrees to list the Debenture on the WDM of the stock exchange, within a maximum period of 3 days from the Deemed Date of Allotment</i></p> <p><i>The issue will be listed within 3 days from the Deemed Date of Allotment. In case of delay in listing, Bank will pay penal interest of 2% p.a. over the coupon rate from the expiry of 3 days from the Deemed Date of Allotment till the listing of such securities to the Investor".</i></p> <p>This will be set out in greater detail in the DTD.</p>
Rating of the Instrument	"A" (Positive Outlook) by ICRA Limited
Issue Size	INR 49,00,00,000 (Rupees Forty Nine Crore)
Minimum Subscription	The minimum application size for the Issue shall be 100 (one hundred) Debentures and in multiples of 1 (one) thereafter.
Option to retain oversubscription (Amount)	Not applicable.
Objects of the Issue / Purpose for which there is requirement of funds	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p><i>"Augmenting lower Tier II Capital (as defined in the New Capital Adequacy Framework issued by RBI) of the Issuer for strengthening its capital adequacy and for enhancing its long-term resources" and "The proceeds of issue shall be utilized for regular business activities of the Bank".</i></p> <p>This will be set out in greater detail in the DTD.</p>
In case the issuer is a NBFC and the objects of the issue entail loan to any entity who is a 'group company' then disclosures shall be made in the following format:	Not applicable.

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Details of the utilization of the Proceeds	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p><i>"Augmenting lower Tier II Capital (as defined in the New Capital Adequacy Framework issued by RBI) of the Issuer for strengthening its capital adequacy and for enhancing its long-term resources" and "The proceeds of issue shall be utilized for regular business activities of the Bank".</i></p> <p>This will be set out in greater detail in the DTD.</p>
Coupon/Dividend Rate	10.75% (Ten Point Seventy Five Percent) per annum payable monthly
Step Up/Step Down Coupon Rate	Not Applicable
Coupon/Dividend Payment Frequency	Monthly and at the time of redemption of the Debentures
Coupon/Dividend Payment Dates	Please refer Annexure VI.
Cumulative / non cumulative, in case of dividend	Not Applicable.
Coupon Type (Fixed, floating or other structure)	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc).	Not Applicable
Day Count Basis (Actual/Actual)	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p><i>"Interest for each of the interest periods shall be computed as per Actual/ Actual day count conversion on the face value/principal outstanding at the Coupon rate rounded off to the nearest rupee.</i></p> <p><i>Interest Period means each period beginning on (and including) the Deemed Date of Allotment (s) or any Coupon Payment Date and ending on (but excluding) the next Coupon Payment Date."</i></p> <p>This will be set out in greater detail in the DTD.</p>
Interest on Application Money	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p><i>"Interest on application money will be the same as the Coupon rate (subject to deduction of Tax at Source at the rate prevailing from time to time under the provisions of the Income Tax Act, 1961 or any other statutory modifications or re-enactment thereof) and will be paid on application money to the applicants from the date of transfer of funds in the Issuer's bank account upto 1 (One) day prior to the date of allotment of Debentures."</i></p> <p>This will be set out in greater detail in the DTD.</p>
Default Interest Rate	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p><i>"In relation to the principal amount and coupon payable in respect of the Debentures, in case the same is not paid on the respective Due Dates, the defaulted amounts shall carry further interest at the rate of 2% (Two Percent)</i></p>

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	<i>per annum over and above the Coupon Rate, from the date of occurrence of such default up to the date on which the defaulted amounts together with default interest is paid."</i>
	This will be set out in greater detail in the DTD.
Tenor	5 (five) years and 6 (six) months from the Deemed Date of Allotment
Redemption Date	December 15, 2028
Redemption Amount	The term sheet executed by the Issuer in respect of this Issue prescribes as follows: <i>"The Redemption Amount would be Rs. 1,00,000/- (Rupees One Lakh only) per Debenture plus interest accrued but not paid till the date of redemption."</i> This will be set out in greater detail in the DTD.
Redemption Premium/Discount	Not Applicable
Issue Price	INR 1,00,000 (Rupees One Lakh) per Debenture
Discount at which security is issued and the effective yield as result of such discount	Not Applicable
Put Date	Not Applicable
Put Price	Not Applicable
Call Date	Not Applicable
Call Price	Not Applicable
Put Notification Time (Timelines by which the investor need to intimate Issuer before exercising the put)	Not Applicable
Call Notification Time (Timelines by which the Issuer need to intimate investor before exercising the call)	Not Applicable
Face Value	INR 1,00,000 (Rupees One Lakh) per Debenture
Minimum subscription amount and in multiples thereafter	The minimum application size for the Issue shall be 100 (one hundred) Debentures and in multiples of 1 (one) thereafter.
Issue Timing	
1. Issue Opening Date	June 15, 2023
2. Issue Closing Date	June 15, 2023
3. Date of earliest closing of the issue, if any.	N.A.
4. Pay-in Date	June 15, 2023
5. Deemed Date of Allotment	June 15, 2023
Settlement Mode of the Instrument	Please refer Section 9 below.
Depository	NSDL and CDSL
Disclosure of Interest/Dividend/redemption dates	Please refer Annexure VI below.

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Record Date	The date falling 15 (fifteen) days prior to each Due Date.
All covenants of the issue (including side letters, accelerated payment clause, etc.)	To be more particularly set out in the DTD and the other Transaction Documents. All other covenants commercially agreed with the proposed investors are set out in this Section 8.1 (<i>Summary Terms</i>).
Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Placement Memorandum	<p>I. SECURITY</p> <p>Not applicable. The Debentures are unsecured and subordinated debt instruments.</p> <p>II. SPECIFIC DISCLOSURES</p> <p>(a) Type of security: Not applicable.</p> <p>(b) Type of charge: Not applicable.</p> <p>(c) Date of creation of security/ likely date of creation of security: Not applicable.</p> <p>(d) Minimum security cover: Not applicable.</p> <p>(e) Revaluation: Not applicable.</p> <p>(f) Replacement of security: Not applicable.</p> <p>(g) Interest over and above the coupon rate: Not applicable.</p>
Transaction Documents	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p>"1. <i>Information Memorandum</i></p> <p>2. <i>Debenture Trustee Agreement</i></p> <p>3. <i>Debenture Trust Deed; and</i></p> <p>4. <i>any other document that may be designated by the Debenture Trustee and the Bank as a Transaction Document.</i>"</p> <p>This will be set out in greater detail in the DTD.</p>
Conditions precedent to Disbursement	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p>"1. <i>Issuance of Information Memorandum.</i></p> <p>2. <i>Relevant corporate authorizations of the Issuer (including, without limitation, the relevant shareholders' resolution and board resolution(s).</i></p> <p>3. <i>Issuance of the Private Placement Offer cum Application Letter.</i></p> <p>4. <i>Consent letter from the Debenture Trustee.</i></p> <p>5. <i>Execution of the Debenture Trustee Agreement</i></p>

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	<p>6. <i>Appointment of the R&T Agent.</i></p> <p>7. <i>Rating letter and rationale from ICRA.</i></p> <p>8. <i>Execution of the tripartite agreement between the Issuer, the R&T Agent and the Depositories.; and In-principle approval for listing of the Debentures</i></p> <p>9. <i>Listing agreement with BSE."</i></p> <p>This will be set out in greater detail in the DTD.</p>
<p>Conditions Subsequent to Disbursement</p>	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p>"1. <i>Filing the return of allotment in Form PAS-3 within the timelines prescribed under the Act and the rules framed thereunder.</i></p> <p>2. <i>Listing of the Debentures in accordance with the terms hereof.</i></p> <p>3. <i>The letter of allotment, indicating allotment of the Debentures, will be credited in de-materialised form as per SEBI Regulations.</i></p> <p>4. <i>Execution of the Debenture Trust Deed."</i></p> <p>This will be set out in greater detail in the DTD.</p>
<p>Event of Default (including manner of voting /conditions of joining Inter Creditor Agreement)</p>	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p>"1. <i>Failure of the Bank to make payment on the respective Due Date;</i></p> <p>2. <i>The Bank voluntarily or involuntarily becomes the subject of proceedings under any bankruptcy or insolvency law; An order is made by the relevant Governmental Authority, or a special resolution has been passed by the shareholders of the Bank for the winding-up of the Bank.</i></p> <p>3. <i>It is or becomes unlawful for the Bank to perform any of its material obligations under the Transaction Documents. Invalidation of any or part of Transaction Documents as a result of change in applicable law (in force) or due to any order by a court of competent jurisdiction or direction of government authority.</i></p> <p>4. <i>The Bank loses its operating license issued by the RBI or ceases to carry out its business.</i></p> <p>5. <i>The Bank has admitted in writing that the Bank is unable to pay its debts as they fall due.</i></p> <p>6. <i>The Bank breaches or repudiates any material representation or warranty provided by the Bank in the Transaction Documents.</i></p> <p>7. <i>Breach of Financial covenants mentioned herein.</i></p> <p>8. <i>Change in Minimum Credit rating.</i></p> <p>9. <i>An order is made by the relevant Governmental Authority or a special</i></p>

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	<p><i>resolution has been passed by the shareholders of the Bank for the winding-up of the Bank.</i></p> <p>10. <i>Any corporate action, legal proceedings or other procedure or step is taken in relation to:</i></p> <p>a) <i>the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) of the issuer:</i></p> <p>b) <i>composition, compromise, assignment or arrangement with any creditor of the Issuer.</i></p> <p>c) <i>Change in control of the Bank without the prior intimation to the Debenture Trustee;</i></p> <p>d) <i>the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Issuer;"</i>.</p> <p>This will be set out in greater detail in the DTD.</p>
Creation of recovery expense fund	The Issuer hereby undertakes and confirms that it shall, within the time period prescribed under Chapter IV (<i>Recovery Expenses Fund</i>) of the SEBI Debenture Trustees Operational Circular, establish and maintain the Recovery Expense Fund in such manner/mode as is prescribed under Chapter IV (<i>Recovery Expenses Fund</i>) of the SEBI Debenture Trustees Operational Circular.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Please refer sections named " <i>Default Interest Rate</i> " and " <i>Event of Default (including manner of voting /conditions of joining Inter Creditor Agreement)</i> " above.
Provisions related to Cross Default	Not Applicable
Roles and Responsibilities of the Debenture Trustee	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p><i>"To oversee and monitor the overall transaction for and on behalf of the Debenture Holder(s) and more particularly set out in the Debenture Trust Deed."</i></p> <p>This will be set out in greater detail in the DTD.</p>
Risk factors pertaining to the issue	Please refer Section 4 (<i>Risk Factors</i>).
Governing Law & Jurisdiction	The Transaction Documents shall be governed by and will be construed in accordance with the laws of India and any disputes arising there from shall be subject to the jurisdiction of appropriate courts and tribunals at Mumbai, India, and as more particularly provided for in the respective Transaction Documents.
Business Day Convention	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p><i>"If any of the Coupon Payment Dates falls on a day which is not a Business Day, the payment to be made on such Due Date shall be made on the next Business Day, except where the Maturity Date falls on a day which is not a Business Day, in which case all payments to be made on the Maturity Date (including accrued Coupon) shall be made on the immediately preceding Business Day."</i></p> <p>This will be set out in greater detail in the DTD.</p>

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<p>Early Redemption</p>	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p><i>"Issuer to maintain the below mentioned criteria/s during the tenor of the NCDs:</i></p> <p><i>Credit Rating of the Issuer from any credit rating agency to remain at minimum of "A".</i></p> <p><i>In the event of breach of above-mentioned criteria, the trustee shall act in the following manner:</i></p> <ol style="list-style-type: none"> 1. <i>The Bank shall inform the Trustee within 30 business days from the date of change in rating as mentioned here.</i> 2. <i>The Trustee shall then call for a Debenture Holder meeting within 7 (seven) days from the date of intimation from the Bank, seek approval from Majority Debenture holders (or as per the prescribed timeline in the Applicable Laws) for intimation to RBI within 7 (seven) business days from the date of such approval to initiate redemption as mentioned herein.</i> 3. <i>The Trustee shall take an approval from RBI for early redemption within 7 (seven) business days from the date of intimation as mentioned above. The Trustee may request the Bank to seek such approval by issuing a written request for the same. The Bank shall take such approval within 7 (seven) days from the date of receipt of such request from the Trustee.</i> <p><i>Subject to prior RBI approval and other applicable regulations, the Debenture Holders may require the Bank to redeem the Debentures ("Optional Accelerated Redemption") within 30 days from the date of intimation to the Trustee. It is clarified that the Optional Accelerated Redemption would only be applicable after 5 years from the Deemed Date of Allotment, in line with applicable RBI circular/guidelines".</i></p> <p>This will be set out in greater detail in the DTD.</p>
<p>Seniority</p>	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p><i>"Claims of the Investors in the Instruments shall be:</i></p> <ol style="list-style-type: none"> (i) <i>Senior to the claims of investors in instruments eligible for inclusion in Tier 1 Capital;</i> (ii) <i>Subordinate to the claims of all depositors, general creditors of the Bank, but shall rank pari passu with the other Tier II capital instruments of the Bank (whether present or future); and</i> (iii) <i>rank pari passu inter se the Debenture Holders, without preference amongst themselves."</i> <p>This will be set out in greater detail in the DTD.</p>
<p>Representations and Warranties</p>	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p>

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	<p>"As is set out in <i>Debenture Trust Deed</i>."</p> <p>This will be set out in greater detail in the DTD.</p>
Financial Covenants	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p>" <i>The Bank shall maintain until the Final Settlement e:</i></p> <p style="padding-left: 40px;">a) <i>Capital Adequacy Ratio stipulated level as prescribed by the RBI from time to time.</i>"</p> <p>This will be set out in greater detail in the DTD.</p>
Consequences of Event of Default	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p><i>"Since the Debentures are classified as subordinated debt under the New Capital Adequacy Framework, on the occurrence of an Event of Default, unless such Event of Default at the request of the Bank is expressly waived by the Debenture Trustee acting on the instructions of the Majority Debenture Holder(s), (a) upon the expiry of the cure period provided, if any; or (b) if the cure period provided is mutually extended by the Parties hereto, upon the expiry of such extended period; or (c) where no cure period has been provided, then forthwith; or (d) where no cure period has been provided and the parties mutually agree to provide for a cure period, upon the expiry of such mutually agreed upon cure period, the following rights shall be available to the Debenture Trustee (acting on the instructions of the Majority Debenture Holde</i></p> <p><i>(a) subject to procuring the prior written consent of the Reserve Bank of India accelerate the redemption of the Debentur</i></p> <p><i>(b) exercise any other right that the Debenture Trustee and/ or Debenture Holder(s) may have under the Transaction Documents or under Applicable Law."</i></p> <p>This will be set out in greater detail in the DTD.</p>
Additional Disclosures (Default in Payment)	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p><i>"In relation to the principal amount and coupon payable in respect of the Debentures, in case the same is not paid on the respective Due Dates, the defaulted amounts shall carry further interest at the rate of 2% (Two Percent) per annum over and above the Coupon Rate, from the date of occurrence of such default up to the date on which the defaulted amounts together with default interest is paid."</i></p> <p>This will be set out in greater detail in the DTD.</p>
Additional Disclosures (Delay in Listing)	<p>The term sheet executed by the Issuer in respect of this Issue prescribes as follows:</p> <p><i>"The issue will be listed within 3 days from the Deemed Date of Allotment. In case of delay in listing, Bank will pay penal interest of 2% p.a. over the coupon rate from the expiry of 3 days from the Deemed Date of Allotment till the listing of such securities to the Investor."</i></p>

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Declaration required by BSE Limited	<p>(a) This Issue of Debentures does not form part of non-equity regulatory capital mentioned under Chapter V of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and Chapter XIII (<i>Issuance, listing and trading non-equity regulatory capital</i>) of the circular issued by SEBI bearing the reference number SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 on "<i>Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper</i>" read together with SEBI circular no. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/027 dated February 8, 2023 on "<i>Clarification w.r.t. issuance and listing of perpetual debt instruments, perpetual non-cumulative preference shares and similar instruments under chapter v of the Sebi (Issue and Listing of Non-Convertible Securities) Regulations, 2021</i>".</p> <p>(b) The face value of each debt security/Debenture issued on private placement basis under this Issue is INR 1,00,000 (Indian Rupees One Lakh).</p>

Note:

a. If there is any change in Coupon Rate rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new Coupon Rate and events which lead to such change should be disclosed.

b. The list of documents which has been executed in connection with the issue and subscription of debt securities shall be annexed.

c. The issuer shall provide granular disclosures in their placement memorandum, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue".

8.2 LISTING AND MONITORING REQUIREMENTS

(a) Monitoring and Due Diligence

The Issuer will provide all such assistance to the Debenture Trustee as may be required by it, to carry out the necessary continuous and periodic due diligence in the manner as may be specified by SEBI from time to time. In this regard, in accordance with Chapter VI (*Periodical/ Continuous Monitoring by Debenture Trustee*) of the SEBI Debenture Trustees Operational Circular, the Issuer undertakes and agrees to provide all relevant documents/information, as applicable, to enable the Debenture Trustee to submit the reports/certifications to BSE in accordance with Chapter VI (*Periodical/ Continuous Monitoring by Debenture Trustee*) of the SEBI Debenture Trustees Operational Circular.

The Issuer further undertakes to comply with all requirements applicable to it under the SEBI Debenture Trustees Operational Circular, and provide all documents/information as may be required by the Debenture Trustee in accordance with the SEBI Debenture Trustees Operational Circular or any other Applicable Law.

The Issuer shall promptly disclose and furnish to the Debenture Trustee, all documents/information about or in relation to the Issuer or the Debentures, as requested by the Debenture Trustee to fulfil its obligations hereunder or to comply with any Applicable Law, including in relation to filing of its reports/ certification to stock exchange within the prescribed timelines.