

POSTAL BALLOT / REMOTE E-VOTING NOTICE

Dear Debenture Holders,

Notice ("Notice") is hereby given the General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, 20/2021 dated December 8, 2021 and other relevant circulars and notifications issued by the Ministry of Corporate Affairs (the "MCA Circulars"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015, (the "SEBI LODR"), Secretarial Standard on General Meetings (the "SS-2"), the applicable provisions of the debenture trust deed dated May 26, 2023 (the "Debenture Trust Deed") executed by and between the Company and Axis Trustee Services Limited ("ATSL", the "Debenture Trustee") in relation to the rated, listed, unsecured, taxable, redeemable non-convertible debentures (the "NCDs") issued by Fedbank Financial Services Limited ("Company"/ "Issuer") in accordance with all other applicable laws, rules and regulations that the resolution appended below is proposed to be passed by the holders of the NCDs (the "Debenture Holders") through Postal Ballot by way of remote e-voting only. through a scrutinizer appointed by the Debenture Trustee ("Scrutinizer").

SPECIAL BUSINESS

To consider and if thought fit, to pass either Resolution A or -Resolution B, with Requisite Majority (*as defined below*):

A. TO ALLOW WAIVER OF NON-COMPLIANCE WITH INFORMATION COVENANTS BY THE ISSUER AND PAYMENT OF THE DEFAULT INTEREST FROM DECEMBER 12, 2023.¹

"RESOLVED THAT pursuant to clause 5.1(c) read with clause 6 of the Debenture Trust Deed, the Debenture Holders hereby grant to the Issuer a waiver from the consequences of the event of default caused under clause 7.3 of the Debenture Trust Deed ("Event of Default") due to non-disclosure of unaudited financial results within 45 days of the end of second quarter of FY 2023-24 and waiver from the payment of default interest @2% p.a. over and above the coupon rate from

¹ Please refer Point 6 of the explanatory statement annexed below.



December 12, 2023 in accordance with clause 2.10 read with clause 8.3 of the Debenture Trust Deed.”

“RESOLVED FURTHER THAT pursuant to the waiver granted on the consequences of Event of Default, the Debenture Holders hereby instruct the Debenture Trustee to not take any action as a consequence of Event of Default in the light of clause 8 of the Debenture Trust Deed.

OR

B. TO ACCELERATE THE REPAYMENT OF NCDs PURSUANT TO NON- WAIVER OF EVENT OF DEFAULT CAUSED DUE TO BREACH OF INFORMATION COVENANT STIPULATED IN CLAUSE 5.1(C) OF THE DEBENTURE TRUST DEED.

“RESOLVED THAT pursuant to non-waiver of Event of Default by the Debenture Holders, the Debenture Trustee is hereby instructed to accelerate the repayment of NCDs in accordance with clause 8.1 read with cl.8.6 of the Debenture Trust Deed, seek payment of default interest @2% p.a. over and above the coupon rate from December 12, 2023 in accordance with clause 2.10 read with clause 8.3 of the Debenture Trust Deed and, the Debenture Trustee is hereby authorised to take requisite action in this regard in accordance with applicable law and the Debenture Trust Deed.

RESOLVED FURTHER THAT the Debenture Trustee be and is hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard.

For Axis Trustee Services Limited


Authorised Signatory



Date: February 6, 2024
Place: Mumbai

Notes:

1. The explanatory statement pursuant to Section 102, pertaining to the resolution setting out the material facts concerning each item and the reasons thereof is annexed hereto for your consideration.
2. The remote e-voting Notice is being sent to the email IDs of the Debenture Holders whose email IDs are registered with the Depository Participant /Registrar as on February 02, 2024 ("**Cut-off date**"). A physical copy of the Notice is being sent to the Debenture Holders who have not registered their email IDs with / Depository Participant / Registrar on or before February 02, 2024, at their addresses registered with Depository Participant /Registrar as on Cut-off date by registered post/ speed post.
3. The Debenture Holders are required to communicate their decision through the remote e-voting system. Since the majority for this resolution will be decided at an ISIN level, if any Debenture Holder fails to communicate their response, the Debenture Trustee will not be in a position to enforce any of the resolutions mentioned above. *It must be noted that in case a debenture holder votes in favor of "Resolution A", it will automatically be considered as their dissent to "Resolution B" and vice-versa.*
4. It is clarified that all the persons who are Debenture Holders as on February 02, 2024 (including those Debenture Holders who may not have received this Notice due to any reason) shall be entitled to vote in relation to the resolution specified in this Notice.
5. In case, mail is not received by any Debenture Holders due to any reason, the Debenture Holders(s) can download the Postal Ballot Notice from the website of the Debenture Trustee <https://www.axistrustee.in/index>
6. The Debenture Holders are requested to read the instructions as given herein in order to cast their vote through e-voting as per the facilities arranged by the Debenture Trustee in this behalf. E-voting will commence on February 07, 2024, at 9.00 am (IST) and will end on March 07, 2024, at 6.00 pm (IST). The e-voting module shall be disabled for voting thereafter and voting shall not be allowed beyond March 07, 2024, at 6.00 pm (IST).

7. In accordance with the provisions of Section 108 of the Act read with the Secretarial Standard-2, and in accordance with all other applicable laws, Debenture Trustee is providing the facility of remote e-voting to the Debenture holders which will enable them to cast their votes electronically and for this purpose, the services of "*LINKSTAR INFOSYS PRIVATE LIMITED (LIPL)*" has been engaged.
8. The Debenture Trustee has appointed CS Sunil Zore as the Scrutinizer for conducting and scrutinizing the Postal Ballot by way of e-voting process in accordance with the law and in a fair and transparent manner.
9. The Scrutinizer appointed by the Debenture Trustee shall, after the conclusion of e-voting, submit Scrutinizer's report along with the result of the total votes cast in favor or against the resolution, invalid votes and the final result as to whether the resolution has been carried out or otherwise, to the chairman of the meeting or any person authorized by him/her in writing, who shall countersign the same and declare the results within 48 hours of the closure of voting.
10. It may be noted that, the resolution, if passed, shall be deemed to have been passed on the last date specified for e-voting, viz. March 07, 2024. The result of the e-voting will be shared with the Company the depository and the National Stock Exchange of India Limited along with the Scrutinizer's report.
11. All the persons who are Debenture Holders of the Company as on February 02, 2024 (including those Debenture Holders who may not have received this Notice due to any reason) shall be entitled to vote in relation to the resolution specified in this Notice.
12. A person whose name is recorded in the register of beneficial owners as a Debenture Holder, received from the depositories as on the Cut-off date i.e., February 02, 2024, only shall be entitled to avail the facility of voting through remote e-voting. Persons whose names are not recorded in the register of beneficial owners as a Debenture Holder as on the Cut-off date, should treat this Notice for information purposes only.

13. A Debenture Holder cannot exercise their vote by proxy on e-voting.
14. The e-voting period commences on February 07, 2024, at 9.00 am (IST) and ends on March 07, 2024, at 6.00 pm (IST). The e-voting module shall be disabled for voting thereafter and voting shall not be allowed beyond March 07, 2024, at 6.00 pm (IST). Once the vote on a resolution is cast by the Debenture Holder and submitted, it shall not be allowed to change it subsequently or cast the vote again.
15. The Debenture Holder shall be entitled to 1(one) vote in respect of every debenture of which he is a holder and in respect of which he is entitled to vote, as on the Cut-Off Date.
16. Once the vote on a resolution is cast by a Debenture Holder, the Debenture Holder shall not be allowed to change it subsequently.
17. In accordance with clause 3.3.6 of the Debenture Trustee Master Circular dated March 31, 2023, the consent of the majority of debenture holders shall mean the approval of not less than 75% of the debenture holders by value of the outstanding debt and 60% of the holders of debenture holders by number at the ISIN level ("**Requisite Majority**").
18. The Scrutinizer shall, after the conclusion of e-voting, submit consolidated results along with the scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman of the meeting or a person authorized by him in writing, who shall countersign the same and declare the results within 48 hours from the conclusion of the voting.

THE INSTRUCTIONS FOR BONDHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

1. Go to the home page <https://evotingforibc.com> and click on Members log in.
2. Enter and CAPTCHA and click on Continue. User ID and password will be sent through email by LIPL to the registered e-mail id of member. Thereafter enter the password provided in the e-mail.

Or

Enter Email id/Mobile Number and click on Get OTP Button. System will be sent OTP through email/SMS Thereafter enter your OTP in OTP Box.

3. You will be directed on the following page of Member Voting Screen. The EVSN will be shown here once the E-voting schedule starts. Click on EVSN Number for starting e-voting process.
4. After clicking on EVSN number, member will be directed to the voting window. Member can see number of resolutions for which the vote is to be casted. By clicking on View Details, the member will be able to see the PDF file of resolutions which are to be voted.
5. Now member will have to select only one of the two resolutions mentioned above. After selecting the resolution, click on Continue.
6. After clicking on continue, member still has option to modify the vote. If member wish to modify the vote, then he has to click on Modify. Otherwise, click on Submit for final submission of vote casted.
7. After submitting the resolution, new dialogue box will open and member has to click on OK, to record the vote.
8. By clicking on OK member will get another dialogue box stating *"Thank you! Your vote has been casted successfully."*
9. After casting the vote, member will be given an option to print the vote which is been casted by the member. Member can save the same for future reference and can take the printout for documentation.

E-mail reminders to the members:

- 1) Members will get Log-in ID and password from LIPL once the resolution and members detail uploaded by the scrutinizer is approved by admin at LIPL.
- 2) A reminder email will be sent before the 12 hours of voting ends.

EXPLANATORY STATEMENT IN RESPECT OF THE NOTICE DATED () RELATING TO RESOLUTION TO BE PASSED BY THE DEBENTURE HOLDERS OF FEDBANK FINANCIAL SERVICES LIMITED BY MEANS OF POSTAL BALLOT THROUGH REMOTE E-VOTING.

1. Axis Trustee Services Limited (“ATSL”) is acting as Debenture Trustee for listed, unsecured, non-convertible debentures in the form of subordinated debt aggregating to Rs. 200,00,00,000/- (Rupees Two Hundred Crore Only) issued by Fedbank Financial Services Limited (“Company”/ “Issuer”) bearing ISINs: INE007N08023. As per the terms of the Debenture Trust Deed and Regulation 52 of the SEBI (LODR), Regulations, 2015, the Issuer was required to declare its financial results within 45 days from the end of quarter i.e., by November 14, 2023. However, for the second quarter of FY24, the Issuer was unable to declare the financial results within the prescribed timeline owing to ongoing IPO process which resulted in ‘Breach of Information Covenant’. As per the terms of the DTD for the respective ISINs, the Breach of Covenant leads to Event of Default unless waiver of the same is granted by the Majority Debenture Holders. Accordingly, at the request of the Issuer, ATSL requested the Debenture Holders of the respective ISINs to grant waiver for Breach of Covenant. After a series of communications from/with the Debenture Holders of ISIN: INE007N08023, the Majority Debenture holders did not grant the requested waiver and instructed ATSL to take further actions as per the Transaction Documents and applicable laws on December 05, 2023. Pursuant to above mentioned facts and information, ATSL proposed to convene a meeting with all the Debenture Holders for ISIN INE007N08023 on January 02, 2024, to discuss on waiver of aforementioned breach of covenant and further course of action. On December 11, 2023, the Issuer Company disclosed the said financial statements resulting into cure of ‘Event of Default’.
2. In Furtherance to above we have received and taken note of the communications from the Debenture Holders of the captioned ISIN seeking further course of action to be initiated by the Debenture Trustee with respect to seeking written permission from Reserve Bank of India for accelerating repayment of all amounts due and payable in relation to the NCDs including any accrued coupon amounts and instructing the Company to pay

default interest at the rate of 2% (Two percent) per annum over and above the Coupon rate, from the date of the occurrence of the default until the default is cured or the NCDs are redeemed pursuant to such default, as applicable and in terms of the debenture trust deed dated May 26, 2023 (“**Debenture Trust Deed**” / “**DTD**”).

3. On January 09, 2024, ATSL had communicated the aforementioned instructions of the Debenture Holders with the company.

4. Voting results extracts:

Results of Voting on the aforesaid agenda items are as under:

Sr. No.	Decision of Debenture Holders who attended the Meeting and Voted	Total Debentures held by these Debenture Holders (Votes)
Resolution No 1	No	13,151
	Yes	35
	Abstain*	15
Resolution No 2	No	13,186
	Yes	0
	Abstain*	15

Sr. No.	Agenda	Results
1.	To provide waiver of the non-compliance with Information covenant by the Issuer or declaration of Event of Default in accordance with the terms of Debenture Trust Deed dated 26 th May 2023	99.73 % votes has been casted against the said agenda item.
2.	To waive payment of default interest as required under clause 8.3 under the Debenture Trust Deed dated 26th May 2023	100.00 % votes has been casted against the said agenda item.

5. Further the company had vide letter dated January 10, 2024 addressed to ATSL submitted that the ‘majority’ required to be obtained as per *Chapter X: Breach of Covenants, Default and Remedies*’ forming part of the ‘*Master Circular for Debenture Trustees*’ dated March 31, 2023, as amended from time to time (“**SEBI Defaults (Procedure) Circular**”) and the Debenture Trust Deed for making a decision regarding the agenda items, has not been obtained and accordingly the Debenture Trustee does not have tenable grounds for proceeding to either call for an Event of Default or for charging default interest, for the reasons more particularly highlighted below:

Extract of the Company's Letter:

9.1	<p>In this regard, we note the provision with respect to how consent of the Debenture Holders has to be obtained, has been captured under paragraph 3.3.6 of the SEBI Defaults (Procedure) Circular, as under:</p> <p><i>"The consent of the majority of holders of listed debt securities shall mean the approval of not less than <u>75% of the holders of listed debt securities by value of the outstanding debt and 60% of the holders of listed debt securities by number at the ISIN level.</u>" [Emphasis supplied]</i></p>
9.2	<p>Further, Clause 8.6(c) of Part A of the Debenture Trust Deed specifies the following:</p> <p><i>"For the purposes of a meeting convened in accordance with this Clause 8.6(c), in accordance with the SEBI Defaults (Procedure) Circular, all decisions shall require the consent of <u>75% (seventy five percent) of the Debenture Holders (by value) and 60% (sixty percent) of the Debenture Holders (by number).</u>"</i> [Emphasis supplied]</p>
9.3	<p>We note that the SEBI Defaults (Procedure) Circular and the Debenture Trust Deed sets out that the consent of the majority of holders of listed debt securities are to be obtained from: (i) <u>75% (Seventy Five Percent) of the holders of listed debt securities by value of the outstanding debt</u>; as well as (ii) <u>60% (Sixty Percent) of the holders of listed debt securities by number.</u></p>
9.4	<p>Therefore, there is no provision which permits majority to be determined <i>solely</i> on the basis of Debenture Holders present and voting in a meeting convened pursuant to the said circular and/ or the Debenture Trust Deed. If the intention of the Securities and Exchange Board of India was to ensure that the majority be determined on the basis of number of the Debenture Holders present and voting instead of the value of the Debenture Holders, such a requirement would have been explicitly incorporated in the SEBI Defaults (Procedure) Circular.</p>

9.5	<p>Additionally, please note for accelerating the outstanding amounts in respect of the debentures under the terms of the Debenture Trust Deed, the provisions set out under Clause 8.6 of Part A of the Debenture Trust Deed would be applicable, which requires that consent of Reserve Bank of India (“RBI”) is required for any acceleration of the amounts due and payable under the debentures. The said clause is reproduced hereinafter for your reference:</p> <p><i><u>“Subject to receipt of prior written consent from the RBI (for so long as such consent is required from the RBI as per the extant regulations) with respect to acceleration of all amounts due and payable in relation to the Debentures,</u> the Debenture Trustee shall, on the occurrence of an Event of Default, follow the standard operating procedure for entering into the inter-creditor agreement. The process for entering into the inter-creditor agreement has currently been stipulated by SEBI under the ‘Chapter X: Breach of Covenants, Default and Remedies’ forming part of the SEBI DT Operational Circular, (“SEBI Defaults (Procedure) Circular”) as amended from time to time. If any meeting of the Debenture Holders is proposed to be conducted in respect of any matter prescribed in the SEBI Defaults (Procedure) Circular, the process and timelines set out with respect to convening and conducting such meeting shall be in accordance with the SEBI Defaults (Procedure) Circular and the sub-clauses set out hereinbelow.:</i></p> <p><i>(a) A notice for a meeting being convened in terms of / pursuant to the SEBI Defaults (Procedure) Circular shall contain the details prescribed in the SEBI Defaults (Procedure) Circular, including without limitation, the negative consent for proceeding with the enforcement of security, positive consent for signing the intercreditor agreement, the time period within which the consent needs to be provided, and the date of meeting to be convened.”</i></p>
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6. As per email dated January 31, 2024, the Company has informed the Debenture Trustee that it has *Suo motu* compensated the Debenture Holders (at the rate of Default Interest

stipulated under the Debenture Trust Deed) for the period commencing from November 15, 2023, and ending on December 11, 2023, i.e., 27 days.

7. Given below are the extract of the default provision from the DTD:

8. CONSEQUENCES OF AN EVENT OF DEFAULT

- 8.1 Upon the occurrence of an Event of Default, the Debenture Trustee shall, after obtaining prior written permission of RBI (for so long as such approval is required from the RBI as per the extant regulations) accelerate repayment of all amounts due and payable in relation to the Debentures including any accrued Coupon amounts and the principal amount on the Debentures, along with other costs, charges and expenses incurred under or in connection with the Debenture Trust Deed and other Transaction Documents and exercise the rights available to the Debenture Trustee under Applicable Law.
- 8.2 It is hereby clarified that the Debenture Holder(s) shall not have the right to convert the Debenture into equity shares of the Issuer upon the occurrence of an Event of Default.
- 8.3 In addition to above, so long as there shall be an Event of Default, the Company shall pay the Default Interest as per Clause 2.10(b) under Part A of this Deed, without any prejudice to the remedies available to the Debenture Holders or the consequences of Events of Default.

(b) Default interest in case of payment default and delay in listing


Without prejudice to the remedies available to the Debenture Trustee under the Transaction Documents or under the Applicable Law, on occurrence of the following events:

- (i) Payment default in respect of any interest and principal due and payable in connection with the Debentures on the respective Due Dates, the Company shall pay default interest at the rate of 2% (Two percent) per annum over and above the Coupon rate, from the date of the occurrence of the default until the default is cured or the Debentures are redeemed pursuant to such default, as applicable; and
- (ii) In case of delay in listing beyond 3 (three) working days from closing date of the Issue, the Company shall pay default interest at the rate of 1% (one percent) per annum over and above the Coupon rate, from the Deemed Date of Allotment till the listing of Debentures.

The default interest payable in terms of this Clause is hereinafter collectively referred to as the "Default Interest" which Default Interest shall be levied on the Debenture Outstandings on the respective Due Dates. The Default Interest rates mentioned in this Clause 2.10(b) are independent of each other.

8. In terms of the provisions of Debenture Trust Deed, the resolution shall be deemed to be passed by 75% of the Debenture Holders by value of the outstanding debt and 60% of the Debenture Holders by number at the ISIN level.
- None of the directors, key managerial personnel of the Company or their relatives as contemplated in the provisions of Section 102 of the Companies Act is, in any way, financially or otherwise, concerned or interested in the resolution.
9. The Debenture Holders are, therefore, requested to accord their approval to either waive off the Event of Default or accelerate repayment on account of occurrence of Event of Default as set out in this Notice for approval of the Debenture Holders.

For Axis Trustee Services Limited


Authorised Signatory



Date: February 6, 2024

Place: Mumbai