

SURYODAY SMALL FINANCE BANK LIMITED

[Formerly Suryoday Micro Finance Limited]

Corporate Identity Number: U65923MH2008PLC261472

Registered Office: 1101, Sharda Terraces, Plot No. 65, Sector 11, CBD Belapur, Navi Mumbai – 400 614

Tel No: +91 22 40435800 **Fax:** +91 22 40435813 **Website:** www.suryodaybank.com

NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the members of the Suryoday Small Finance Bank Limited (“the Bank”) will be held on Thursday, August 30, 2018 at The Park Hotel, CBD Belapur, Navi Mumbai 400614 at 3.30 pm to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Bank for the year ended March 31, 2018 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Venkatesh Natarajan [DIN:02453219], who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit to pass the following resolution as an Ordinary resolution:

“RESOLVED THAT Mr. Arun Diaz [DIN 00493304], Director who retires by rotation at this Annual General Meeting and who does not offer himself for re-appointment, ceases to be a Director of the Bank.”

4. 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 sections 139, 142 and other applicable provisions of the Companies Act, 2013 (‘the Act’) and section 30 of the Banking Regulation Act, 1949 and the guidelines issued by Reserve Bank of India, M/s. BSR & Associates LLP, Chartered Accountants [Firm Registration number FRN: 116231W/W-100024], who have offered themselves for re- appointment and have confirmed their eligibility to be appointed as Auditors in terms of section 141 of the Companies Act, 2013 and the applicable Rules thereunder, be and are hereby re-appointed as the Auditors of the Bank to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Bank at an annual remuneration Rs.42,00,000 (Rupees Forty two lakhs only) plus out of pocket expenses at actuals and applicable taxes , for the purpose of audit including reporting on internal financial controls of the Bank.”

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule V of the Act including any statutory modification(s) or re-enactment thereof and subject to the approval of the Reserve Bank of India, consent of the members of the Bank be and is hereby accorded for revision in the remuneration payable to Mr. R. Baskar Babu, Managing Director & Chief Executive Officer of the Bank with power to the Board to increase the remuneration or vary and alter other terms and conditions of appointment subject

to the overall ceilings laid down under the provisions of, and subject to such approvals as may be required under, the Companies Act, 2013, the Banking Regulation Act, 1949 and the RBI guidelines :

- (i) Salary inclusive of HRA and other allowances: Rs. 833,309 per month;
- (ii) Perquisites: Company Car for official as well as private purpose with a maximum cap of 200 litres petrol per month for private purpose, one Club membership for self and family; reasonable entertainment expenses incurred for official purpose and medical insurance coverage as per Company's HR Policy for all employees. (Perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost).
- (iii) Contribution to Provident Fund and payment of Gratuity as per the rules of the Bank shall not be included in the computation of remuneration and perquisites as aforesaid.
- (iv) Performance linked incentive upto 25% of gross salary subject to appraisal and approval by the Board.

“RESOLVED FURTHER THAT in the event of loss, absence or inadequacy of profits of the Bank during any financial year in the tenure of the Managing Director & Chief Executive Officer, the aforesaid remuneration shall be paid to him by the Bank as Minimum Remuneration subject to the statutory and other approvals as may be required under the applicable law.

“RESOLVED FURTHER THAT the Company Secretary of the Bank be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be required to give effect to this resolution.”

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

“RESOLVED THAT pursuant to the provisions of section 61 and all other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the Rules framed thereunder such other, the existing Authorized Share Capital of the Bank be and is hereby increased from Rs. 75,00,00,000 (Rupees Seventy Five Crores) divided into 7,50,00,000 (Seven Crore Fifty Lakhs) equity shares of Rs. 10/- (Rupees Ten) each to Rs. 100,00,00,000 (Rupees One Hundred Crores) divided into 10,00,00,000 (Ten Crores) equity shares of Rs. 10/- (Rupees Ten) each by creation of additional 2,50,00,000 (Two Crore Fifty Lakhs) equity shares of Rs. 10/- (Rupees Ten) each, ranking pari passu in all respects with the existing equity shares of the Bank.”

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

“RESOLVED THAT, pursuant to the provisions of section 13 and other applicable provisions of the Companies Act, 2013, subject to such other approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned Statutory Authority(ies), the existing Clause V of the Memorandum of Association of the Bank be and is hereby amended and be substituted by the following:

“V. *The Authorized Share Capital of the Bank is Rs. 100,00,00,000/- (Rupees One hundred crores) divided into 10,00,00,000 (Ten crores) Equity Shares of face value of Rs. 10/- (Rupees Ten) each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Bank for the time being. The Bank has the power from time to time to increase or reduce its capital, consolidate, subdivide, or to repay the same or re-organize the shares and to divide the shares in the original or increased capital into several classes and to attach thereto respectively such preferential right, privileges or conditions, as may be determined by or in accordance with the regulations of the Bank and to vary, modify or abrogate any such right, privileges or conditions in*

such manner as may permitted by the Companies Act, 2013 as applicable or provided by the regulations of the Bank for the time being.”

“RESOLVED FURTHER THAT the Board of Directors of the Bank be and is hereby authorised to take such steps as may be necessary in relation to the above and to do all such acts, deeds, matters, and things that may be necessary and expedient for the purpose of giving effect to this Resolution.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of sections 62(1)(c) and 42 and other applicable provisions of the Companies Act, 2013 (including any statutory amendments or modification thereof for the time being in force) and the applicable Rules thereunder, the Banking Regulation Act, 1949 (including any statutory amendments or modification thereof for the time being in force) and the applicable Rules thereunder and the enabling provisions of the Articles of Association of the Bank, and subject to the approval of the Reserve Bank of India, consent of the members of the Bank be and is hereby given to the Board of directors to issue, offer and allot upto 45,00,000 (Forty Five Lakhs) equity shares of Rs. 10/-(Rupees Ten) each for cash at a price of Rs. 140 (Rupees One hundred and Forty only) per share inclusive of premium of Rs. 130 (Rupees One Hundred and Thirty only) per share to the Key promoter, Mr. R. Baskar Babu, on preferential basis.

“RESOLVED FURTHER THAT the equity shares so issued and allotted shall rank pari passu with the existing equity shares of the Bank in all respects.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board of Directors be and is hereby authorized on behalf of the Bank to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable, incidental or expedient to the issue or allotment of the aforesaid equity shares and to resolve and settle all questions and difficulties that may arise in relation to the proposed issue, offer and allotment of any of the said equity shares, the utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the board in its sole and absolute discretion may deem fit, without being required to seek any further consent or approval of the members of the Bank.

“RESOLVED FURTHER THAT the Company Secretary of the Bank be and is hereby authorized to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental to giving effect to the above resolution including but not limited to filing of necessary forms with the Registrar of Companies, making necessary entries in the statutory registers and complying with all other requirements in this regard.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014 or any amendments thereto and the applicable guidelines and clarifications issued by the Reserve Bank of India (RBI) and any other regulatory authorities, and in partial modification to the Special Resolution passed at the Extra Ordinary General Meeting held on 22nd December, 2016, consent of the members of the Bank be and is hereby accorded to the variations in the terms and conditions of the Employee Stock Option Scheme, 2016 as detailed in the Explanatory Statement hereto.

“RESOLVED FURTHER THAT the Board of Directors of the Bank be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for the purpose of giving effect to this resolution with power to settle any issues, questions, difficulties or doubts that may arise in this regard.”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT the consent of the members of the Bank be and is hereby accorded to an extension of the period for re-composition of the Board of Directors of the Bank upto 31st December, 2018 instead of 'within 18 (eighteen) months from the Commencement Date' as mentioned in Regulation 115.2(v) of the Articles of Association of the Bank.

"RESOLVED FURTHER THAT the Managing Director & Chief Executive Officer and the Company Secretary of the Bank be and are hereby severally authorized to take all necessary steps to ensure compliance with the aforesaid provision.

**Registered Office:
1101, Sharda Terraces,
Plot No. 65, Sector 11,
CBD Belapur,
Navi Mumbai 400614**

**Date: 3rd August, 2018
Place: Navi Mumbai**

By Order of the Board of the Directors,

**Sd/-
Geeta Krishnan
Company Secretary**

Notes:

1. A member entitled to attend to vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and the proxy need not be a member of the Bank. A person can act as a proxy on behalf of the members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Bank. Further, a member holding more than 10% of the total share capital of the Bank carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other member. The instruments appointing proxy, in order to be valid and effective, should be duly completed, stamped and signed and must be delivered at the Registered Office of the Bank not later than forty-eight hours before the commencement of the AGM.
2. An Explanatory Statement pursuant to section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
3. Members/Proxies should fill the Attendance Slip for meeting and bring their Attendance Slips along with their copy of the Annual Report to the Meeting.
4. In case of Joint holder(s) attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.
5. Members who hold shares in dematerialized form are requested to write their DP ID and Client ID number(s) and those who hold share(s) in physical form are requested to write their Folio Number(s) on the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
6. Corporate members intending to send their authorized representatives to attend the AGM are requested to send to the Registered Office of the Bank a certified copy of the Board Resolution authorizing their representative to attend and vote at the meeting on their behalf.
7. **The Register of Members and Share Transfer Books of the Bank will be closed from Monday, 27th August 2018 to Thursday, 30th August 2018 (both days inclusive).**
8. Proxy shall not have a right to speak at the meeting and shall not be entitled to vote except on a poll.
9. All documents referred to in this Notice and other Statutory Registers will be open for inspection by members at the Registered Office of the Bank on all working days between 11.00 a.m. and 5.00 p.m. from Monday to Friday and at the AGM.
10. Members desirous of any information relating to the Financial Statements of the Bank are requested to write to the Bank at least 7 days before the Meeting, to enable keeping the information ready at the Meeting.
11. Members holding shares in physical form are requested to immediately notify change in their address, if any, to the Registrar and Transfer Agents (RTA), Karvy Computershare Private Limited, Hyderabad at the following address quoting their Folio number(s):

KARVY COMPUTERSHARE PRIVATE LIMITED

Unit : Suryoday Small Finance Bank Limited

Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500 032.

Phone No. 040-67161500 / 040-23312454 Fax No.: +9140 - 23001153

Email: einward.ris@karvy.com

12. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed Form SH 13 in duplicate, duly filled in, to the Registered Office of the Bank or to the Bank's RTA viz. Karvy at the above mentioned address.
13. In support of the "Green Initiative" announced by the Government of India and in accordance with Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014; this Notice and the Annual Report of the Bank for FY 2017-2018 are being sent by e-mail to those members whose email addresses are registered with the Bank/ Depositories.

The Notice and the Annual Report 2017-2018 are also available for downloading on the Bank's website www.suryodaybank.com .

Shareholders who have not registered their e-mail addresses are requested to register the same along with their contact numbers with the Bank by sending **details to shr.relations@suryodaybank.com or with Karvy at inward.ris@karvy.com.**

However, in case you wish to receive the above documents in physical form, you may write to the Company Secretary at the Registered Office of the Bank.

14. In terms of section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 as amended, the Bank is providing the e-voting facility to its Members holding shares in physical or dematerialized form, as on the cut-off date, that is, at the close of business hours on 24th August, 2018, to exercise their right to vote through electronic means from a place other than the venue of the Meeting on any or all of the businesses specified in the accompanying Notice (the "Remote e-voting"). **The Remote e-voting commences on Monday, 27th day of August 2018 (9:00 a.m.) and ends on Thursday, 29th day of August 2018 (5:00 p.m.).**

Detail of the process and manner of Remote e-voting along with the User ID and Password is being sent to all the members along with this Notice.

15. The Bank has engaged the services of Karvy Computershare Private Limited as the Agency to provide Remote E-voting facility.
16. The Bank is also offering the facility for voting by way of physical ballot at the AGM. The Members attending the meeting should note that those who are entitled to vote but have not exercised their right to vote by Remote e-voting, may vote at the AGM through ballot for all businesses specified in the accompanying Notice. The Members who have exercised their right to vote by Remote e-voting may attend the AGM but shall not vote at the AGM. **The voting rights of the Members shall be in proportion to the shares held by them of the paid-up equity share capital of the Bank as on the close of business hours on 24th August, 2018 (cut-off date)** , subject to the provisions of the Banking Regulation Act, 1949, as amended.
17. The Board of Directors has appointed Mr. Tushar Shridharani, Practicing Company Secretary, Mumbai as Scrutinizer to scrutinize e-voting process in a fair and transparent manner. The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than two days of the conclusion of the meeting, make a consolidated Scrutinizer's report and submit the same to the Chairman.
18. The results shall be declared along with the consolidated Scrutinizer's report on 31st August, 2018 and shall be placed on the website of the Bank www.suryodaybank.com and on the website of Karvy at <https://evoting.karvy.com>.

19. In case of any queries / grievances relating to voting by electronic means or the Members / Beneficial owners or in case any person acquires shares of the Bank and becomes a member of the Bank after dispatch of the Notice, and holding shares as of the cut-off date i.e. 24th August, 2018 may obtain the login ID and password by sending a request to Mr. Hanumantha Rao, Karvy Computershare Pvt. Ltd., Karvy Selenium, Tower B, Plot number 31 & 32, Financial District, Gachibowli, Nanakramguda, Hyderabad 500 032, or emailing to ramchandra.v@karvy.com or suresh.lokirevu@karvy.com or hanumantha.patri@karvy.com Phone: 040-67162222, Extn. 1602/1603/1604. After receipt of the required information, please follow all the steps as mentioned below to cast the E-vote:

INSTRUCTIONS FOR E-VOTING

(a) The instructions for e-Voting are as under:

- (I) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- (II) Enter the login credentials (i.e. user id and password) mentioned at the bottom of this document. The e-voting event number + Folio No. or DP ID Client ID will be your user ID. However, if you are already registered with Karvy for e-voting, you can use your existing user ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
- (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 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) You need to login again with the new credentials.
- (VI) On successful login, the system will prompt you to select the e-voting event number for the Company.
- (VII) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut off date. You may also choose the option "ABSTAIN". If the shareholder does not include either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- (VIII) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.
- (IX) Voting has to be done for each resolution 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 confirm, 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).
 - (XII) Corporate/Institutional members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (pdf format) of the Board Resolution/Power of Attorney/Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: chintan.goswami@cjgoswami.com with a copy marked to evoting@karvy.com and may also upload the same in the e-voting in their login. The scanned image of the above mentioned documents should be in the naming format “Corporate Name EVENT NO.”
 - (XIII) Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.
 - (XIV) In case of any query pertaining to e-voting, please visit help & FAQ’s section available at Karvy’s website <https://evoting.karvy.com>.
- (b) **Other Instructions:**
- (I) The remote e-voting period commences on Monday, 27th August, 2018 (9:00 am) and ends on Wednesday, 29th August, 2018 (5:00 pm). During this period, shareholders of the Bank, holding shares either in physical form or in dematerialized form, as on 24th August, 2018 (cut-off date), may cast their vote by remote e-voting. The remote e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
 - (II) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Bank as on the cut-off date i.e. 24th August, 2018.
 - (III) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting i.e. 30th August, 2018 .
 - (IV) Any person who becomes a member of the Bank after dispatch of the notice of the meeting and holding shares as on the cut-off date i.e. 24th August, 2018, may obtain the user ID and password in the manner as mentioned below:
- (c) If the mobile number of the member is registered against Folio No./DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number Folio No. or DP ID Client ID to 9212993399.

Example for NSD:

MYEPWD <SPACE> IN12345612345678

Example for CDSL:

MYEPWD <SPACE> 1402345612345678

Example for Physical:

MYEPWD <SPACE> XXXX1234567

- (d) If e-mail address or mobile number of the member is registered against Folio No. or DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click “Forgot Password” and enter Folio No. or DP ID Client ID and PAN to generate a password.
- (e) A member may call Karvy’s toll free number 1-800-3454-001
- (f) A member may send an e-mail request to evoting@karvy.com.

If the member is already registered with Karvy e-voting platform then he can use his existing user id and password for casting the vote through remote e-voting.

Your electronic voting (remote e-voting) particulars are set out below:

EVEN(E-voting Event Number)	USER ID	PASSWORD/ PIN

20. For members who wish to vote using Ballot form:

- a. Members may fill in the ballot form enclosed with the Notice (a Copy of the same is also part of the soft copy of the Notice) and submit the same in a sealed envelope to the Scrutinizer.
- b. Please complete and sign the Ballot Form. The Form should be signed by the Member as per the specimen signature registered with the Bank/ Depositories. In case of joint holding, the Form should be completed and signed by the first named Member and in his/her absence, by the next named joint holder. A Power of Attorney (POA) holder may vote on behalf of a Member, mentioning the registration number of the POA registered with the Bank or enclosing an attested copy of the POA. Exercise of vote by Ballot is not permitted through proxy.
- c. In case the shares are held by companies, trusts, societies, etc. the duly completed Ballot Form should be accompanied by a certified true copy of the relevant Board Resolution/Authorization.
- d. Votes should be cast in case of each resolution, either in favour or against by putting the tick (√) mark in the column provided in the Ballot.
- e. The voting rights of shareholders shall be in proportion of the shares held by them in the paid-up equity share capital of the Bank as on Cut off date i.e.24th August,2018 as per the Register of Members of the Bank.
- f. Unsigned, incomplete, improperly or incorrectly tick marked Ballot Forms will be rejected. A Form will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or as to whether the votes are in favour or against or if the signature cannot be verified.
- g. The decision of the Scrutinizer on the validity of the Ballot Form and any other related matter shall be final.
- h. The Scrutinizer will collate votes received through post to declare the final result for each of the Resolutions forming part of the Notice of the AGM.

21. Members may write to the Company Secretary at the Registered Office of the Bank at the below mentioned address or to Karvy regarding transfer of shares or for resolving their grievances, if any
22. The route map of the venue of the Meeting is given in the Notice.

**Registered Office:
1101, Sharda Terraces,
Plot No. 65, Sector 11,
CBD Belapur,
Navi Mumbai 400614**

**Date: 3rd August, 2018
Place: Navi Mumbai**

By Order of the Board of the Directors,

**Sd/-
Geeta Krishnan
Company Secretary**

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Pursuant to Section 102 of the Companies Act, 2013 (the Act), the following Statement sets out all the material facts relating to the Special Business mentioned in the accompanying Notice and should be taken as forming part of the said Notice.

ITEM No. 5

The remuneration of Mr. Baskar Babu, Managing Director & Chief Executive Officer (MD & CEO) was fixed at Rs. 85.68 lakhs p.a. (exclusive of retiral benefits and perquisites and performance incentive) effective from 1st April,2016 and the same was subsequently approved by the RBI.

Keeping in view the significant progress made by the Bank under the leadership of Mr. R. Baskar Babu, the Board of Directors at their meeting held on May 30, 2018, on the recommendation of the Nomination and Remuneration Committee (NRC), approved increase in remuneration of Mr. R. Baskar Babu to Rs. 100 lakhs per annum (exclusive of retiral benefits and perquisites and performance incentive) subject to approval of the Reserve Bank of India and members of the Bank. The approval of the members is sought for the said increase in remuneration payable to Mr. Baskar Babu. The Bank has already applied to the Reserve Bank of India for its approval.

Mr. R Baskar Babu holds 5,403,578 equity shares constituting 8.01% of the paid-up share capital of the Bank.

The Board recommends the passing of the Special Resolution as set out in Item No. 5 of the Agenda for the approval of the members.

None of the Directors, Key Managerial Personnel and their relatives, other than Mr. R. Baskar Babu and his relatives, is interested or concerned in the said resolution.

ITEM Nos. 6 & 7

The present Authorized Share Capital is 750,000,000 (Rupees Seventy Five Crores) divided into 7,50,00,000 (Seven Crores Fifty Lakhs) equity shares of Rs. 10/-(Rupees Ten) each and paid up capital is 674,966,720/- (Rupees Sixty Seven Crores Forty Nine Lakhs Sixty Six Thousand Seven Hundred and Twenty only) divided into 67,496,672 (Six Crores Seventy Four Lakhs Ninety Six Thousand Six Hundred and Seventy Two) equity shares of Rs. 10 (Rupees Ten) each.

To enable the Board of Directors, raise additional share capital in the future, it is proposed to increase the Authorised Capital by creation of 250,00,000 (Two crores fifty lakhs) equity shares of Rs. 10 each (Rupees Ten) aggregating to Rs. 25,00,00,000 (Rupees Twenty Five Crores only). Any increase in Authorised Capital requires amendment to the Capital Clause (Clause V) of the Memorandum of Association by way of Ordinary Resolution.

The Board of Directors recommends the above resolutions mentioned in item No.6 & 7 for approval of the members.

A copy of the Memorandum of Association is available for inspection by the members during office hours at the Registered Office of the Bank on any working day up to the date of the meeting.

None of the Directors or Key Management Personnel or their relatives is concerned or interested in the resolution.

Item No. 8

The Bank requires to augment long term capital for meeting its growing business needs as well as to meet the capital adequacy requirements.

Pursuant to the Shareholders' agreement dated June 13, 2016 executed *inter alia* amongst the Company, the Investors as per the said Shareholders' Agreement as amended from time to time and the Promoters of the Bank (collectively each of the persons are referred to as the "**Parties**"), Mr. R. Baskar Babu, Key Promoter is entitled to subscribe to an aggregate of 45,00,000 equity shares of the Bank on or before the initial public offering of shares in two tranches viz. 25,00,000 shares @ Rs. 120 per share and 20,00 000 shares @ Rs.160 per share. The parties to the said Agreement since consented to combine the two tranches at the weighted average price or the Fair Market Value, whichever higher. The matter was considered by the Board at its meeting held on 9th July,2018 and it was proposed to offer/issue the 45,00,000 shares to Mr. Baskar Babu on preferential basis at the Fair Market Value (as certified by an approved valuer) as it was higher than the weighted average price.

As per the provisions of section 62 of the Companies Act, 2013 , this issue of further shares by the Bank required the approval of the members of the Bank by way of special resolution. Further, the exercise of this right by Mr. Baskar Babu will also require the prior approval of RBI.

The disclosures required to be made under Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 are as under:

(i) Objects of the issue:

To meet the growing business needs and the Capital Adequacy requirements of the Bank.

(ii) Total number of shares or other securities to be issued:

The Bank proposes to issue upto 45,00,000 Equity Shares of the face value of Rs. 10 each.

(iii) Price or price band at/within which the allotment is proposed

The Equity Shares are being issued at Rs. 140 (Rupees One hundred and forty only) per share. The price comprises Rs. 10 (Rupees Ten only) towards face value and Rs. 130 (Rupees One hundred and thirty only) towards share premium.

(iv) Basis on which the price has been arrived at along with report of the registered valuer

The price of the offer is as per the Fair Market Valuation undertaken by M/s. Navigant Corporate Advisors' Limited ,Category 1 Merchant Bankers registered under SEBI, vide valuation certificate dated 4th July, 2018. The valuation is based on Discounted Cash Flow Method based on the audited financial statements as at March 31, 2018 as per which , the equity shares of the Bank have been valued at Rs. 139.51 to Rs. 140 per Equity Share after taking into consideration the illiquidity adjustment.

(v) Relevant date with reference to which the price has been arrived at :

As at March 31, 2018 (audited financial statements).

(vi) Class or classes of persons to whom the allotment is proposed to be made:

Key Promoter (Resident Individual)

(vii) Intention of promoters, directors or key managerial personnel to subscribe to the offer

The offer is being made to Mr. R Baskar Babu, Key Promoter and Managing Director & Chief Executive Officer of the Bank.

(viii) Proposed time within which the allotment shall be completed.

The allotment is intended to be completed in one or more tranches but not later than twelve months from the date of passing of this Special Resolution.

(ix) Names of the proposed allottee(s) and the percentage of post offer capital that may be held by them:

The post allotment holdings of Mr. R Baskar Babu is expected to be 13.75% of the total paid up share capital of the Bank.

(x) The change in control, if any, in the Bank that would occur consequent to the offer

No change of control would occur consequent to the offer.

(xi) The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price.

31,00,000 shares were allotted at Rs. 75 per share to Mr. R Baskar Babu on 4th December 2017.

(xii) The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer.

Not Applicable

(xiii) Pre-issue and post-issue shareholding pattern of the Bank as on 31st July,2018:

Sr. No	Category	Pre Issue		Post Issue	
		No. of Shares held	% of share holding	No. of shares held	% of share holding
A	Promoters' Holdings:				
1	Indian:				
	Individual	19,854,178	29.42	24,354,178	33.83
	Bodies Corporate	-	-	-	-
	Sub Total	19,854,178	29.42	24,354,178	33.83
2	Foreign Promoters:	-	-	-	-
	Individual	-	-	-	-
	Bodies Corporate	-	-	-	-

	Sub Total (A)	19,854,178	29.42	24,354,178	33.83
B.	Non-Promoters' holding :				
1	Institutional Investors	25,783,508	38.20	25,783,508	35.81
2	Non-Institutions :				
	a)Private Corporate Bodies.	-	-	-	-
)Indian Company/LLP	2,553,014	3.78	2,553,014	3.55
	i) Overseas	16,622,958	24.63	16,622,958	23.09
	b) Directors & relatives	-	-	-	-
	c) Indian Public:				
	Individual Shareholders	2,594,014	3.84	2,594,014	3.60
	Others (Including NRIs)	89,000	0.13	89,000	0.12
	Sub Total(B)	47,642,494	70.58	47,642,494	66.17
	GRAND TOTAL	67,496,672	100.00	71,996,672	100.00

The Board recommends the resolution at Item no. 8 for the approval of the members as Special Resolution.

None of the Directors, Key Managerial Personnel and their relatives, other than Mr. R. Baskar Babu and his relatives, is interested or concerned in the said resolution.

Item No. 9

The Employee Stock Option Scheme, 2016 (ESOP Scheme,2016) was approved by the members of the Bank vide Special resolution passed at the Extra Ordinary General meeting held on December 22, 2016. It is now proposed to vary some of the terms and conditions of the Scheme in order to give the Scheme a little more flexibility in terms of exercise period etc. so as to benefit the employees of the Bank. The details of the proposed variations are as follows:

(1) Clause 6 of the Scheme : Increase in the number of maximum options to be granted under different designations/ roles as approved by the NRC / Board in July 2017:

Designation	Number of options
Senior Vice-President and above	150,000
Vice President	75,000
Deputy Vice-President / Assistant Vice-President	45,000
Senior Manager/ Manager	30,000
Others /Specific employees as approved by NRC, if any	20,000

(2) Clause 12 of the Scheme: EXERCISE PERIOD: Increase in the number of exercise periods from 2 to 4 per year:

The exercise period of the Options (“Exercise Period”) shall be as follows:

All exercise of the Options shall be undertaken by an Eligible Employee only during the calendar months of January, April, July and October (each, an “Exercise Window”). All Options vested shall be exercised within an Exercise Window during a period of 3 years from the date of vesting. It is hereby clarified that such Exercise Window shall not be applicable in case of death, permanent disability, superannuation, or such other circumstances as the Company in its sole and absolute discretion may determine from time to time.

(3) Clauses 14 (a) and 14(e) of the Scheme: SEPARATION OF RELATIONSHIP AS AN EMPLOYEE: Increase in the number of days within which a superannuated employee or resigned employee can exercise options from 30 days to 90 days:

- (a) In the event of separation of an Eligible Employee from the Company on account of permanent disability while in the employment of the Company, all the Options granted to him as on such date shall vest in him on that day and the Eligible Employee may exercise his Option within 6 months from the date of such separation or the last date of the Exercise Period, whichever is earlier. In the event of superannuation of Eligible Employees, all the Options Granted and not vested as on the date of superannuation shall be deemed to vest on that date and can be exercised within 90 days from the date of such superannuation or the last date of the Exercise Period, whichever is earlier.
- (e) In the event of an Eligible Employee’s service being discontinued on account of resignation (without such Employee having engaged in misconduct or breach of employment terms), the Options granted but not vested as on that day under the ESOP Scheme 2016 shall expire. However, all Options which have already been vested as on that date shall be exercisable by the Eligible Employee within 90 days from the date of discontinuation or the last date of the Exercise Period, whichever is earlier.

The aforesaid modifications have been approved by the Nomination & Remuneration Committee and the Board at their respective meetings held on July 9,2018. The members are further informed that the amended ESOP Scheme, 2016 is available for inspection at the Bank’s Registered Office between 11.00 a.m. and 1.00 p.m. on all working days from the date hereof up to the date of the Meeting.

The approval of the members is being sought by way of a Special Resolution under Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 for the amendment of the existing Scheme.

The Directors recommend the Resolution at Item No. 9 of the accompanying Notice, for the approval of the members of the Bank.

All the key managerial personnel (and their relatives) may be deemed to be concerned or interested in the proposed resolution to the extent of options granted/ to be granted to them and /or shares allotted /to be allotted to them.

Item no. 10 :

Article 115.2(v) of the Articles of Association provides that within 18 (eighteen) months of the Commencement Date, the Board shall be reconstituted to consist of a minimum of 9 (nine) Directors, in which event the Qualifying Investors, if more than 3 (three) will, collectively, nominate 3 (three) Investor Directors to the Board as per the voting process set out in Article 115.3.

The Commencement Date for the Bank being 23rd January,2017, the Bank was required to increase the Board strength to nine Directors by 22nd July, 2018 by the appointment of one Investor Director (since there are more than three Qualifying Investors) and one Independent Director (since as per the RBI Directions; the Bank must always have a majority of Independent Directors). The Bank has taken adequate steps for the appointment of the additional Investor Director and additional

Independent Director i. e. the Qualifying Investors had nominated their Candidate and the Independent Director had also been identified. However, in view of certain regulatory clearances not having been received by 22nd July, 2018, the appointments of both these Directors by the Board could not be completed.

Since it is not feasible to estimate the exact period within which the requisite clearances would be received, members' approval is sought to extend the date by which these appointments are to be completed by 31st December,2018.

None of the Directors or Key Managerial Personnel or their relatives is concerned or interested in this resolution.

**Registered Office:
1101, Sharda Terraces,
Plot No. 65, Sector 11,
CBD Belapur,
Navi Mumbai 400614**

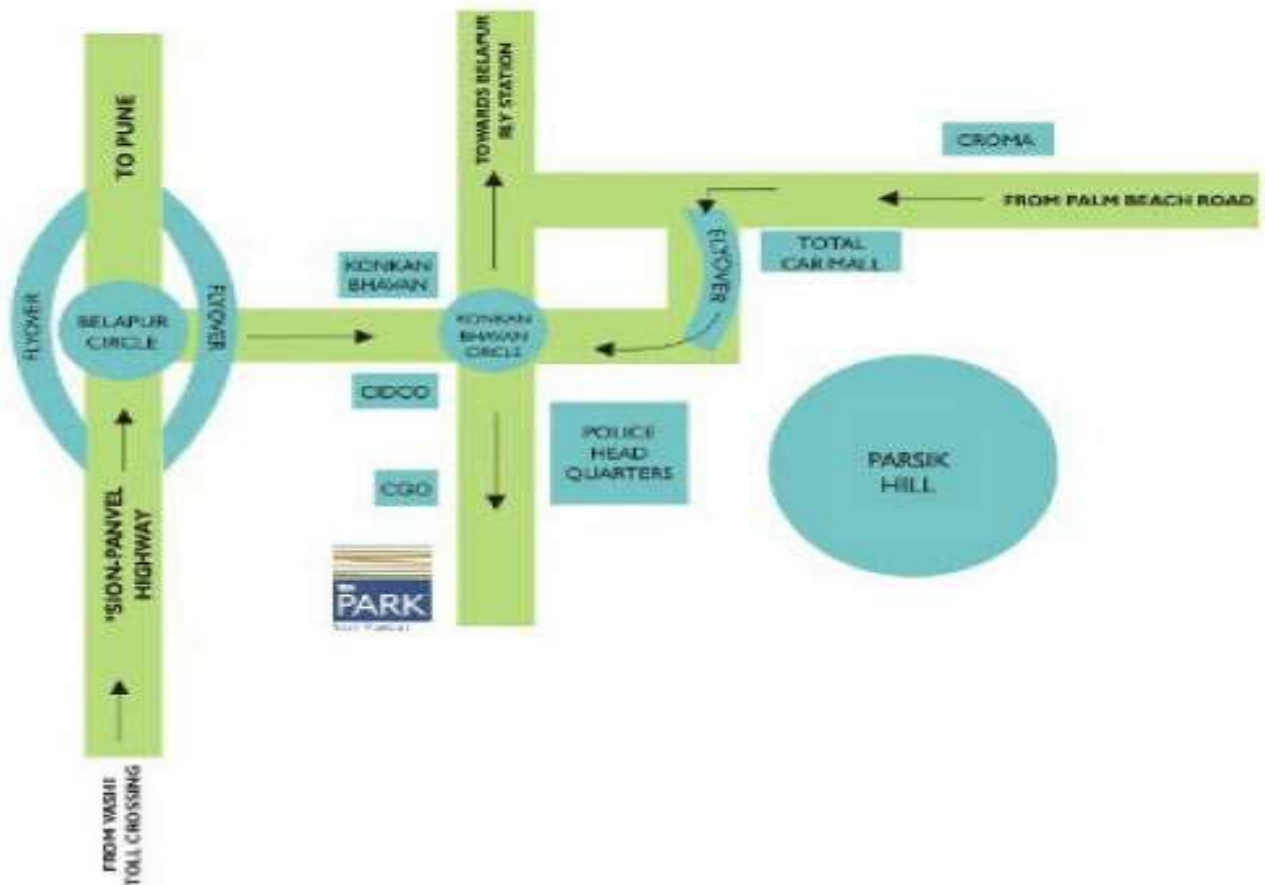
**Date: 3rd August, 2018
Place: Navi Mumbai**

By Order of the Board of the Directors,

**Sd/-
Geeta Krishnan
Company Secretary**

Route Map to Venue of the 2nd Annual General Meeting of the
SURYODAY SMALL FINANCE BANK LIMITED
 Venue : The Park Hotel, CBD Belapur, Navi Mumbai-400614
 Date: 30th August, 2018
 Day and Time: Thursday, 3.30 p.m.

Reaching The Park, Navi Mumbai



PROXY FORM-MGT 11

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Corporate Identity Number : U65923MH2008PLC261472
Name of the Company : Suryoday Small Finance Bank Limited
[Formerly Suryoday Micro Finance Limited]
Registered Office : 1101, Sharda Terraces, Plot No. 65, Sector 11, CBD Belapur, Navi Mumbai –400 614

Name of the Member(s) :

Registered Address :

Email Id :

Folio No. / DP ID and Client Id No. :

I/ We being the member(s) holding _____ equity shares of Suryoday Small Finance Bank Limited [Formerly Suryoday Micro Finance Limited.], hereby appoint:

1. Name :
Email ID:
Address :
Signature:
or failing him

2. Name : Email ID:
Address :
Signature:
or failing him

3. Name : Email ID:
Address :
Signature:

as my/ our proxy to attend and vote (on a poll) for me/ us and on my / our behalf at the Annual General Meeting of the Bank to be held on Thursday, 30th August 2018 at The Park Hotel, CBD Belapur, Navi Mumbai-400614 at 3.30 P.M. and at any adjournment thereof in respect of the Ordinary/Special Business as indicated below:

ORDINARY BUSINESS:

Assent/ Dissent to the Resolution

1. Adoption of Financial Statements of the Bank for the Financial Year ended 31st March 2018 together with the reports of the Directors and Auditors Yes/ No
2. Appoint a director in place of retiring director Yes/ No
3. Approval for cessation of directorship of one of the Investor Directors Yes/ No
4. Approval for appointment of Statutory Auditors of the Bank Yes/ No

SPECIAL BUSINESS:

Assent/ Dissent to the Resolution

5. Approval for revision in the remuneration of Mr. R. Baskar Babu, Managing Director & Chief Executive Officer of the Bank Yes/ No
6. Approval for increase in authorized share capital of the Bank Yes/ No
7. Approval for alteration of existing Clause V of the Memorandum of Association of the Bank Yes/ No
8. Approval for preferential issue of shares to the Key Promoter Yes/ No
9. Approval for partial amendment of ESOP Scheme, 2016 Yes/ No
10. Approval for extension of time for increasing the Board strength. Yes/ No

Signed this _____ day of _____, 2018

Signature of Shareholder : _____

Signature of Proxy holder (s) : _____

Affix Re. 1 Revenue Stamp

Signed this _____ day of _____ 2018.
Revenue Stamp
Signature across

Note: This form in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Ballot Form

[Pursuant to Section 109(5) of the Companies Act, 2013 and Rule 21 (1) (c) of the Companies (Management and Administration) Rules 2014, as amended]

Corporate Identity Number : U65923MH2008PLC261472
 Name of the Company : Suryoday Small Finance Bank Limited
 [Formerly Suryoday Micro Finance Limited]
 Registered Office : 1101, Sharda Terraces, Plot No. 65, Sector 11, CBD Belapur, Navi Mumbai
 - 400 614
 Name of the Member(s) :
 Registered Address :
 Email Id :

Sr.No.	Particulars	Details
1	Name(s) of the First Named Shareholder (in block letters):	
2	Postal Address	
3	Registered Folio No./DP ID No./ Client ID No.	

I hereby exercise my vote in respect of the ordinary/special resolution(s) enumerated below, by recording my assent or dissent to the said resolution(s) in the following manner:

Item No.	Particular of Resolution	No. of Share(s) held by me	I Assent to the Resolution	I Dissent to the Resolution
1	Ordinary Resolution: Adoption of Financial Statements of the Bank for the Financial Year ended 31 st March 2018 together with the reports of the Directors and Auditors			
2	Ordinary Resolution: Appoint a director in place of retiring director.			
3	Ordinary Resolution: Approval for cessation of directorship of one of the Investor Directors.			
4	Ordinary Resolution: Approval for appointment of Statutory Auditors of the Bank.			
5	Special Resolution: Approval for revision in the remuneration of Mr. R. Baskar Babu, Managing Director & Chief Executive Officer of the Bank.			
6	Ordinary Resolution: Approval for increase in authorized share capital of the Bank.			
7	Ordinary Resolution: Approval for alteration of existing Clause V of the Memorandum of Association of the Bank.			
8	Special Resolution: Approval for preferential issue of shares to the Key Promoter.			
9	Special Resolution: Approval for partial amendment of ESOP Scheme, 2016.			
10	Special Resolution: Approval for extension of time for increasing the Board strength.			

Date:
Place:

Signature of the Shareholder