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

No: _____

Addressed to: _____

PLACEMENT MEMORANDUM

AU SMALL FINANCE BANK LIMITED

Date of Incorporation: January 10, 1996*
CIN: U36911RJ1996PLC011381
Registered Office: 19A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001, Rajasthan, India
Corporate Office: 5th Floor, E Wing, Kanakia Zillion, Junction of CST Road and L.B.S. Marg, Kurla West, Mumbai – 400070, Maharashtra, India
Telephone No.: 022-62490600
Contact Person: Mr. Manmohan Parnami
Email: investorrelations@aubank.in
Website: www.aubank.in

Placement Memorandum for issue of Debentures on a private placement basis on
Dated: August 2, 2022

PLACEMENT MEMORANDUM FOR PRIVATE PLACEMENT OF UNSECURED, RATED, LISTED REDEEMABLE, SUBORDINATED, NON-CONVERTIBLE LOWER TIER II BONDS IN THE FORM OF NON-CONVERTIBLE DEBENTURES IN 3 (THREE) SERIES: (A) ONE OF UPTO 250 (TWO HUNDRED AND FIFTY) RATED LISTED UNSECURED REDEEMABLE SUBORDINATED LOWER TIER II BONDS IN THE FORM OF NON-CONVERTIBLE SERIES I DEBENTURES OF THE FACE VALUE OF RS. 1,00,00,000/- (RUPEES ONE CRORE ONLY) EACH, AGGREGATING UP TO RS. 250,00,00,000/- (RUPEES TWO HUNDRED AND FIFTY CRORES ONLY) WITH AN OPTION TO RETAIN ADDITIONAL SUBSCRIPTION/ GREEN SHOE OPTION OF RS. 200,00,00,000/- (RUPEES TWO HUNDRED CRORES ONLY); (B) ONE OF UPTO 100 (ONE HUNDRED) RATED LISTED UNSECURED REDEEMABLE SUBORDINATED LOWER TIER II BONDS IN THE FORM OF NON-CONVERTIBLE SERIES II DEBENTURES OF THE FACE VALUE OF RS. 1,00,00,000/- (RUPEES ONE CRORE ONLY) EACH, AGGREGATING UP TO RS. 100,00,00,000/- (ONE HUNDRED CRORES ONLY); AND (C) ANOTHER OF UPTO 50 (FIFTY) RATED LISTED UNSECURED REDEEMABLE SUBORDINATED LOWER TIER II BONDS IN THE FORM OF NON-CONVERTIBLE SERIES III DEBENTURES OF THE FACE VALUE OF RS. 1,00,00,000/- (RUPEES ONE CRORE ONLY) EACH, AGGREGATING UP TO RS. 50,00,00,000/- (RUPEES FIFTY CRORES ONLY), COLLECTIVELY AGGREGATING UPTO RS. 600,00,00,000/- (RUPEES SIX HUNDRED CRORES ONLY), IN DEMATERIALISED FORM (COLLECTIVELY THE "*ISSUE*")

PART A: DISCLOSURES AS PER SEBI DEBT LISTING REGULATIONS:

Please see below the disclosures as required under the terms of the SEBI Debt Listing Regulations (as defined below):

S.no	Particulars	Relevant Disclosure
1.	**Corporate Identity Number of the Issuer**:	U36911RJ1996PLC011381

Note: This Placement Memorandum is strictly for a private placement and is only an information brochure intended for private use. Nothing in this Placement Memorandum shall constitute and/or deem to constitute an offer or an invitation to offer to the public or any section thereof to subscribe for or otherwise acquire the Debentures in general under any law for the time being in force. This Placement Memorandum should not be construed to be a prospectus or a statement in lieu of prospectus under the Act. This Placement Memorandum and the contents hereof are restricted for only the intended recipient(s) who have been addressed directly and specifically through a communication by the Bank and only such recipient(s) are eligible to apply for the Debentures. All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue.

S.no	Particulars	Relevant Disclosure
2.	**Permanent Account Number of the Issuer**:	AAACL2777N
3.	**Date and place of Incorporation of the Issuer**:	Date: January 10, 1996 Place: Jaipur
4.	**Latest registration / identification number issued by any regulatory authority which regulates the Issuer (in this case the Reserve Bank of India)**:	MUM:126
5.	**Registered Office address of the Issuer**:	19A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001, Rajasthan, India
6.	**Corporate Office address of the Issuer**:	5th Floor, E Wing, Kanakia Zillion, Junction of CST Road and L.B.S. Marg, Kurla West, Mumbai – 40007, Maharashtra, India
7.	**Telephone No of the Issuer**:	+91 141 4110060/61/022-62490600
8.	**Details of Compliance officer of the Issuer**:	Name: Mr. Manmohan Parnami Contact Details: CP3 235, Industrial Area, Apparel Park, Mahal Road, Jagatpura, Jaipur, Rajasthan 302022 Telephone Number: 0141-6640275 Email address: manmohan.parnami@aubank.in
9.	**Details of Company Secretary of the Issuer**:	Name: Mr. Manmohan Parnami Telephone Number: 0141-6640275 Email address: manmohan.parnami@aubank.in
10.	**Details of Chief Financial Officer of the Issuer**:	Name: Mr. Vimal Jain Telephone Number: 0141-6640271 Email address: vimal.jain@aubank.in

<table>
<tr><th>S.no</th><th>Particulars</th><th>Relevant Disclosure</th></tr>
<tr><td>11.</td><td>Details of Promoters of the Issuer:</td><td>
<table>
<tr><th>Name</th><th>Telephone Number</th><th>Email address:</th></tr>
<tr><td>Mr. Sanjay Agarwal</td><td rowspan="4">0141-6660666</td><td rowspan="4">md@aubank.in</td></tr>
<tr><td>Late Mr. Chiranji Lal Agarwal</td></tr>
<tr><td>Ms. Shakuntala Agarwal</td></tr>
<tr><td>Ms. Jyoti Agarwal</td></tr>
</table>
</td></tr>
<tr><td>12.</td><td>Website address of the Issuer:</td><td>www.aubank.in</td></tr>
<tr><td>13.</td><td>Email address of the Issuer:</td><td>investorrelations@aubank.in</td></tr>
<tr><td>14.</td><td>Details of debenture trustee for the Issue:</td><td>Name: Catalyst Trusteeship Limited
Address: Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098
Logo:
Telephone Number: 022- 49220507
Email address: compliancectl-mumbai@ctltrustee.com
priti.shetty@ctltrustee.com
Contact person: Mr. Umesh Salvi & Ms. Priti Shetty</td></tr>
<tr><td>15.</td><td>Details of credit rating agency for the Issue:</td><td>Name: CRISIL Ratings Limited
Address: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai -400076
Logo:
Telephone Number: 022-33423000
Email address: Vani.Ojasvi@crisil.com
Contact person: Vani Ojasvi

Name: CARE Ratings Limited
Address: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai – 400022.
Logo:
Telephone Number: +91-22-6754 3573
Email address: aditya.acharekar@careedge.in
Contact person: Mr. Aditya R Acharekar</td></tr>
</table>

S.no	Particulars	Relevant Disclosure
16.	**Date of placement memorandum / Placement Memorandum**	August 2, 2022
17.	**Type of placement memorandum / Placement Memorandum**	This Placement Memorandum is being issued in relation to the private placement basis of Debentures (which are being issued under the terms hereof in a single series).
18.	**The nature, number, price and amount of securities offered and issue size (base issue or green shoe), as may be applicable**	Issue of up to 250 (Two Hundred and Fifty) Rated Listed Unsecured Redeemable Subordinated Lower Tier II Bonds in the form of Non-Convertible Series I Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating up to Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores only), with an option to retain additional subscription/ green shoe option of Rs. 200,00,00,000/- (Rupees Two Hundred Crores only) ("**Series I Debentures**"); and Issue of up to 100 (One Hundred) Rated Listed Unsecured Redeemable Subordinated Lower Tier II Bonds in the form of Non-Convertible Series II Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crores only) ("**Series II Debentures**"); and Issue of up to 50 (Fifty) Rated Listed Unsecured Redeemable Subordinated Lower Tier II Bonds in the form of Non-Convertible Series III Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating up to Rs. 50,00,00,000/- (Rupees Fifty Crores only) ("**Series III Debentures**"), collectively aggregating upto Rs. 600,00,00,000/- (Rupees Six Hundred Crores only), in dematerialised form, on a private placement basis (collectively the "**Issue**") (Series I Debentures, Series II Debentures and Series III Debentures shall be collectively referred to as the "**Debentures**").
19.	**The aggregate amount proposed to be raised through all the stages of offers of non-convertible securities made through the shelf placement memorandum;**	Not applicable.
20.	**Details of Registrar to the Issue:**	Name: Link Intime India Private Limited Address: C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai - 400 078

S.no	Particulars	Relevant Disclosure
		Logo: LINK Intime Telephone Number: 022 25963828 Fax number: 022 49186060 Website: www. linkintime.co.in Email address: rnt.helpdesk@linkintime.co.in
21.	**Issue Schedule**	**Series I Debentures:** Date of opening of the Issue: August 2, 2022 Date of closing of the Issue: August 2, 2022 Date of earliest closing of the Issue (if any): N.A. **Series II Debentures:** Date of opening of the Issue: August 2, 2022 Date of closing of the Issue: August 2, 2022 Date of earliest closing of the Issue (if any): N.A. **Series III Debentures:** Date of opening of the Issue: August 2, 2022 Date of closing of the Issue: August 2, 2022 Date of earliest closing of the Issue (if any): N.A The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.
22.	**Credit Rating of the Issue**	The Debentures proposed to be issued by the Bank have been rated by CRISIL Ratings Limited and CARE Ratings Limited (collectively "**Rating Agencies**") The Rating Agencies have vide their respective letters dated July 26, 2022 and July 28, 2022 and their respective rating rationales dated July 27, 2022 and July 28, 2022 assigned a rating of "CRISIL AA / Stable" (pronounced as "CRISIL Double A" with stable outlook) and "CARE AA / Stable" (pronounced as "CARE Double A" with stable outlook) in respect of the Debentures. The above rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the Rating Agencies and should be evaluated independently of any other ratings. Please refer to **Annexure II** of this Placement Memorandum for the letters dated July 26, 2022 and July 28, 2022 and rating rationales dated July 27, 2022 and July 28, 2022 from the Rating Agencies assigning the credit rating abovementioned and the press release by the Rating Agencies in this respect.
23.	**All the ratings obtained for the private placement of Issue**	Please refer to S.no 22 above.

S.no	Particulars	Relevant Disclosure
24.	**The name(s) of the stock exchanges where the securities are proposed to be listed**	The Debentures are proposed to be listed on the wholesale debt market segment of BSE Limited ("**BSE**").
25.	**The details about eligible investors;**	Shall mean the following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"): A. Mutual funds, Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors registered with the Securities and Exchange Board of India; B. Foreign Portfolio Investors other than individuals, corporate bodies and family offices; C. Public financial institutions; D. Scheduled commercial banks; E. Multilateral and bilateral development financial institutions; F. State industrial development corporation; G. Insurance companies registered with the Insurance Regulatory and Development Authority of India; H. Provident Funds with minimum corpus of twenty five crore rupees; I. Pension Funds with minimum corpus of twenty five crore rupees; J. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; K. Insurance funds set up and managed by army, navy or air force of the Union of India; L. Insurance funds set up and managed by the Department of Posts, India; and M. Systemically Important Non-Banking Financial Companies. to the extent each of the aforesaid investors are eligible to subscribe to the Debentures as per Applicable Laws. All Eligible Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures. **Note:** Participation by Eligible Investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek

S.no	Particulars	Relevant Disclosure
		independent legal and regulatory advice in relation to the laws applicable to them.
26.	**Coupon / dividend rate, coupon / dividend payment frequency, redemption date, redemption amount and details of debenture trustee**	In respect of the Coupon Rate, the Coupon Payment frequency, the Redemption Date and Redemption Amount in respect of the Debentures, please refer to Section 5.37 (*Issue Details*) of this Placement Memorandum. The details of Debenture Trustee are provided under S. No. 14 above.
27.	**Nature and issue size, base issue and green shoe option, if any, shelf or tranche size, each as may be applicable**	Issue of up to 250 (Two Hundred and Fifty) Rated Listed Unsecured Redeemable Subordinated Lower Tier II Bonds in the form of Non-Convertible Series I Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating up to Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores only), with an option to retain additional subscription/ green shoe option of Rs. 2000,00,00,000/- (Rupees Two Hundred Crores only) ("**Series I Debentures**"); and Issue of up to 100 (One Hundred) Rated Listed Unsecured Redeemable Subordinated Lower Tier II Bonds in the form of Non-Convertible Series II Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crores only) ("**Series II Debentures**"); and Issue of up to 50 (Fifty) Rated Listed Unsecured Redeemable Subordinated Lower Tier II Bonds in the form of Non-Convertible Series III Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating up to Rs. 50,00,00,000/- (Rupees Fifty Crores only) ("**Series III Debentures**"), collectively aggregating upto Rs. 600,00,00,000/- (Rupees Six Hundred Crores only), in dematerialised form, on a private placement basis (collectively the "**Issue**") (Series I Debentures, Series II Debentures and Series III Debentures shall be collectively referred to as the "**Debentures**").
28.	**Details about underwriting of the issue including the amount undertaken to be underwritten by the underwriters:**	Not applicable.
29.	**Inclusion of a compliance clause in relation to electronic book mechanism and**	This Issue, offer and subscription to each Series of the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI and BSE under the EBP Guidelines (as defined below) by placing bids on the EBP Platform during the period

S.no	Particulars	Relevant Disclosure
	details pertaining to the uploading the placement memorandum on the Electronic Book Provider Platform, if applicable.	of the Issue. The Eligible Investors should also refer to the operational guidelines of the EBP in this respect. The disclosures required pursuant to the EBP Guidelines (as defined below) are set out hereinbelow:

Head	Series I Debentures	Series II Debentures	Series III Debentures
Details of size of the Issue including green shoe option, if any	Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores only), with an option to retain additional subscription/ green shoe option of Rs. 200,00,00,000/- (Rupees Two Hundred Crores only)	Rs. 100,00,00,000/- (Rupees One Hundred Crores only)	Rs. 50,00,00,000/- (Rupees Fifty Crores only).
Bid opening and closing date	Bid opening date: August 2, 2022; and Bid closing date: August 2, 2022	Bid opening date: August 2, 2022; and Bid closing date: August 2, 2022	Bid opening date: August 2, 2022; and Bid closing date: August 2, 2022
Minimum Bid lot	1 (One) Debenture	1 (One) Debenture	1 (One) Debenture
Manner of bidding in the Issue	Closed Bidding	Closed Bidding	Closed Bidding
Manner of allotment in the Issue	The allotment will be done on Uniform Yield basis in accordance with EBP Guidelines.	The allotment will be done on Uniform Yield basis in accordance with EBP Guidelines.	The allotment will be done on Uniform Yield basis in accordance with EBP Guidelines.
Manner of settlement in the Issue	Pay-in of funds through ICCL and the account details are given in the Section 8.9 (*Issue Procedure*)	Pay-in of funds through ICCL and the account details are given in the Section 8.9 (*Issue*	Pay-in of funds through ICCL and the account details are given in the Section 8.9

S.no	Particulars	Relevant Disclosure
		of this Placement Memorandum / *Procedure*) of this Placement Memorandum / (*Issue Procedure*) of this Placement Memorandum Settlement cycle: T+1; where T refers to the date of bid opening date / issue opening date / T+1; where T refers to the date of bid opening date / issue opening date / T+1; where T refers to the date of bid opening date / issue opening date Please also refer to Section 8.9 (*Issue Procedure*) of this Placement Memorandum for the detailed process in respect of the subscription of an Issue.

Background
This Placement Memorandum is related to the Debentures to be issued by AU Small Finance Bank Limited (the "**Issuer**" or "**Bank**") on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures comprised in the Issue and described under this Placement Memorandum has been authorised by the Bank through resolutions passed by the shareholders of the Bank on August 17, 2021 and July 26, 2019 and the Board of Directors of the Bank on July 29, 2022 and the Memorandum and Articles of Association of the Bank. Pursuant to the resolution passed by the Bank's shareholders dated August 17, 2021 in accordance with provisions of the Companies Act, 2013, the Bank has been authorised to borrow and raise funds, by way of issuance of non-convertible debentures, upon such terms and conditions as the Board may think fit for aggregate amounts not exceeding Rs. 12,000,00,00,000/- (Rupees Twelve Thousand Crores only). The present issue of Debentures in terms of this Placement Memorandum is within the overall powers of the Board as per the above shareholder resolution(s). This Issue forms a part of non-equity Tier-II / regulatory capital as set out under Chapter V of the SEBI Debt Listing Regulations and the Bank hereby confirms that Chapter V of the SEBI Debt Listing Regulations shall be applicable to the present Issue.

Issuer's Absolute Responsibility
The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in the Placement Memorandum is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.

Issue Schedule			
Heads	**Series I Debentures**	**Series II Debentures**	**Series III Debentures**
Issue Opening Date	August 2, 2022	August 2, 2022	August 2, 2022

Issue Closing Date	August 2, 2022	August 2, 2022	August 2, 2022
Pay In Date	August 3, 2022	August 3, 2022	August 3, 2022
Deemed Date of Allotment	August 3, 2022	August 3, 2022	August 3, 2022

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Placement Memorandum.

Allot/Allotment/Allotted	Unless the context otherwise requires or implies, the allotment of the Debentures pursuant to this Issue.
Applicable Law	Includes all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof
Application Form	The form used by the recipient of this Placement Memorandum and/or the Private Placement Offer cum Application Letter, to apply for subscription to the Debentures, which is annexed to this Placement Memorandum and marked as **Annexure IV**.
Arranger/Sole Arranger	N.A.
Board/Board of Directors	The Board of Directors of the Issuer.
Business Day	Any day of the week (excluding Saturdays, Sundays and any other day which is a 'public holiday' for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881)) on which banks are normally open for business in Jaipur, India and Mumbai, India and "**Business Days**" shall be construed accordingly.
CDSL	Central Depository Services (India) Limited
Crore	Ten Million
Debentures / NCDs	means the Series I Debentures and/or the Series II Debentures and/or the Series III Debentures, as the context may require.
Debenture Holders / Investors	The holders of each Series of the Debentures issued by the Bank and shall include the registered transferees of each Series of the Debentures from time to time.
Deemed Date of Allotment	Series I Debentures: August 3, 2022; Series II Debentures: August 3, 2022; and Series III Debentures: August 3, 2022
Debenture Trustee	Catalyst Trusteeship Limited
Debenture Trustee Agreement	Shall mean the debenture trustee agreement executed by and between the Debenture Trustee and the Bank for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures.
Debenture Trust Deed	Shall mean the debenture trust deed executed / to be executed by and between the Debenture Trustee and the Bank which will set out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Bank.
Demat	Refers to dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 2018, as amended from time to time.
Depositories	NSDL and CDSL

Depository Participant / DP	A depository participant as defined under the Depositories Act
Director(s)	Board of Director(s) of the Bank.
DP ID	Depository Participant Identification Number.
Due Date	Any date on which the holders of the Debentures are entitled to any Payments in relation to the Debentures, which shall include, without limitation, the Coupon Payment Date(s) and the Maturity Date;
EBP Guidelines	The guidelines issued by SEBI with respect to electronic book mechanism including under the terms of the SEBI Circular dated August 10, 2021 (bearing reference number: SEBI/HO/DDHS/P/CIR/2021/613) and the operational guidelines issued by the relevant Electronic Book Provider, as may be amended, clarified or updated from time to time.
Electronic Book Provider / EBP	shall have the meaning assigned to such term under the EBP Guidelines.
EFT	Electronic Fund Transfer.
Eligible Investors	Shall have the meaning specified in S.no 25 of Part A (*Disclosures*) above.
Financial Indebtedness	any indebtedness for or in respect of: (i) monies borrowed; (ii) any amount availed of by acceptance of any credit facility; (iii) any amount raised pursuant to the issuance of any notes, bonds, debentures, loan stock or any other similar securities or instruments; (iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted principles of accounting in India, be treated as a finance or capital lease; (v) receivables sold or discounted (other than any receivables sold in the ordinary course of business or to the extent that they are sold on a non-recourse basis); (vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; (vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); (viii) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; (ix) the amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into such agreement is to raise finance; (x) any put option, guarantees, keep fit letter(s), letter of comfort, etc by whatever name called, which gives or may give rise to any financial obligation(s); (xi) any preference shares (excluding any compulsorily convertible preference shares); (xii) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (xi) above. (xiii) Notwithstanding the items in paragraphs (i) to (xii) above, all

	obligations of any person from time to time (whether present or future, actual or contingent, as principal or surety or otherwise) for the payment or repayment of money.
Financial Year/ FY	Twelve months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year.
GAAP	Generally Accepted Accounting Principles prescribed by the Institute of Chartered Accountants of India from time to time and consistently applied by the Bank.
Governmental Authority	The President of India, the Government of India, the Governor and the Government of any State in India, any ministry or department of the same, any municipal or local government authority, any authority or private body exercising powers conferred by applicable law and any court, tribunal or other judicial or quasi-judicial body, and shall include, without limitation, a stock exchange and any regulatory body.
IBC	shall mean the Insolvency and Bankruptcy Code, 2016, and the rules and regulations made thereunder which are in effect from time to time and shall include any other statutory amendment or re-enactment thereof;
IND AS	shall mean the Indian generally accepted accounting principles issued under the Companies (Indian Accounting Standards) Rules, 2015, as amended, together with any pronouncements issued under applicable law thereon from time to time and applied on a consistent basis by the Bank.
Information Utility	means the National E-Governance Services Limited or any other entity registered as an information utility under the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017.
Issue	Private Placement of the Debentures.
Issue Closing Date	Series I Debentures: August 2, 2022; Series II Debentures: August 2, 2022; and Series III Debentures: August 2, 2022
Issue Opening Date	Series I Debentures: August 2, 2022; Series II Debentures: August 2, 2022; and Series III Debentures: August 2, 2022
Issuer/ the Bank / AU SFB	AU Small Finance Bank Limited.
Majority Debenture Holders	Debenture Holders whose participation or share in the principal amount(s) outstanding with respect to the Debentures aggregate to more than 75% (Seventy Five Percent) of the value of the nominal amount of the Debentures for the time being outstanding. It is however clarified that if a resolution is required to be passed in relation to a matter concerning a particular Series only, the term "Majority Debenture Holders" shall mean the Debenture Holder(s) whose participation or share in the principal amount(s) outstanding with respect to the Debentures of that particular Series aggregates to more than 75% (Seventy Five Percent) of the value of the nominal amount of the Debentures for the time being outstanding of that Series.
Maturity Date	means the Series I Maturity Date and/or the Series II Maturity Date and/or the Series III Maturity Date, as the context may require.
New Capital Adequacy Framework	Shall mean the Master Circular dated July 1, 2015 bearing reference number DBR.No.BP.BC. 4/21.06.001/2015-16 on 'Prudential Guidelines on Capital Adequacy and Market Discipline- New Capital Adequacy Framework (NCAF)' issued by the RBI.

N.A.	Not Applicable.
NSDL	National Securities Depository Limited.
PAN	Permanent Account Number.
Payments	Shall mean all payments to be made by the Bank in relation to the Debentures under the Transaction Documents including payment of the principal amount, Coupon, Redemption Amount, Default Interest (if any), remuneration of the Debenture Trustee and/or all fees, costs, charges, expenses and other monies as provided for in the Transaction Documents.
Placement Memorandum	This document which sets out sets out the terms and conditions for the issue and offer of the Debentures by the Bank on a private placement basis and contains the relevant information in this respect.
Private Placement Offer cum Application Letter	Shall mean the offer cum application letter prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and as annexed in SECTION 10: of this Placement Memorandum.
RBI	Reserve Bank of India.
Rating Agencies	CRISIL Ratings Limited and Care Ratings Limited, each registered with SEBI pursuant to SEBI (Credit Rating Agencies) Regulations 1999, as amended from time to time.
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 7 (Seven) calendar days prior to any Due Date.
Register of Debenture Holders	The register maintained by the Bank containing the name(s) of the Debenture Holder(s), which register shall be maintained at the registered office of the Bank.
R&T Agent	Registrar and Transfer Agent to the Issue, in this case being Link Intime India Private Limited.
ROC	Registrar of Companies.
Rs. / INR	Indian Rupee.
RTGS	Real Time Gross Settlement.
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time).
SEBI Debt Listing Regulations	The issued by SEBI read with the operational circular for issue and listing of non-convertible securities, securities debt instruments, security receipts, municipal debt securities and commercial paper dated August 10, 2021 as updated vide the SEBI circular dated April 13, 2022 (bearing reference number: SEBI/HO/DDHS/P/CIR/2021/613) issued by Securities and Exchange Board of India, each as amended from time to time.
Series	all or any series under which the Debentures shall be issued.
Series I Debentures	250 (Two Hundred and Fifty) Unsecured Rated Listed Redeemable Subordinated, Non-Convertible Lower Tier- II Bonds in the form of Non-Convertible Debentures bearing a face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating to Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores only) with an option to retain additional subscription/ green shoe option of Rs. 200,00,00,000/- (Rupees Two Hundred Crores only).
Series II Debentures	100 (One Hundred) Unsecured Rated Listed Redeemable Subordinated, Non-Convertible Lower Tier- II Bonds in the form of Non-Convertible Debentures bearing a face value of Rs. 1,00,00,000/- (Rupees One Crore

	only) each, aggregating to Rs. 100,00,00,000/- (Rupees One Hundred Crores only).
Series III Debentures	50 (Fifty) Unsecured Rated Listed Redeemable Subordinated, Non-Convertible Lower Tier- II Bonds in the form of Non-Convertible Debentures bearing a face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating to Rs. 50,00,00,000/- (Rupees Fifty Crore only).
Series I Maturity Date	shall mean August 3, 2032 being the date falling on the expiry of 120 (One Hundred and Twenty) months from the Deemed Date of Allotment (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations)
Series II Maturity Date	shall mean August 13, 2032 being the date falling on the expiry of 120 (One Hundred and Twenty) months and 10 (Ten) calendar days from the Deemed Date of Allotment (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations)
Series III Maturity Date	shall mean August 23, 2032 being the date falling on the expiry of 120 (One Hundred and Twenty) months and 20 (Twenty) calendar days from the Deemed Date of Allotment (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations)
Tax or Taxes	shall mean any and all present or future, direct or indirect, claims for tax, withholding tax, surcharge, levy, impost, duty, cess, statutory due or other charge of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) including on gross receipts, sales, turn-over, value addition, use, consumption, property, service, income, franchise, capital, occupation, license, excise, documents (such as stamp duties) and customs and other taxes, duties, assessments, or fees, however imposed, withheld, levied, or assessed by any Government;
TDS	Tax Deducted at Source.
The Companies Act/ the Act / the Companies Act, 2013	the provisions of the Companies Act, 2013, along with the rules and regulations made thereunder and the notifications, circulars and orders issued in relation thereto, as amended, modified or supplemented from time to time.
Terms & Conditions	Shall mean the terms and conditions pertaining to the Issue as outlined in the Transaction Documents.
Tier I Capital	shall have the meaning assigned to such term under the elements of Tier I Capital in the New Capital Adequacy Framework.
Tier II Capital	shall mean the capital which would qualify as tier II capital in terms of the New Capital Adequacy Framework.
Transaction Documents	The documents executed or to be executed in relation to the issuance of the Debentures as more particularly set out in SECTION 7:.
Upper Tier II Capital	shall mean the Tier II Capital which would qualify as upper Tier II Capital in terms of the New Capital Adequacy Framework.
WDM	Wholesale Debt Market segment of BSE.
Wilful Defaulter	Shall mean an Bank who is categorized as a wilful defaulter by any Bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an Bank whose director or promoter is categorized as such in accordance with Regulation 2(ss) of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time.

SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS

2.1 ISSUER'S DISCLAIMER

This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the Debentures to be listed on the WDM segment of the BSE is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Placement Memorandum does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the Debentures to the public in general.

As per the applicable provisions, it is not necessary for a copy of this Placement Memorandum to be filed or submitted to the SEBI for its review and/or approval. This Placement Memorandum has been prepared in conformity with the SEBI Debt Listing Regulations as amended from time to time and the applicable RBI regulations governing private placements of debentures. This Placement Memorandum has been prepared solely to provide general information about the Issuer to the Eligible Investors to whom it is addressed and who are willing and eligible to subscribe to the Debentures. This Placement Memorandum does not purport to contain all the information that any Eligible Investor may require. Further, this Placement Memorandum has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

Neither this Placement Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Placement Memorandum should not consider such receipt as a recommendation to subscribe to any Debentures. Each potential Investor contemplating subscription to any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Eligible Investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyze such investment and the suitability of such investment to such potential Investor's particular circumstances.

The Issuer confirms that, as of the date hereof, this Placement Memorandum (including the documents incorporated by reference herein, if any) contains all the information that is material in the context of the Issue and regulatory requirements in relation to the Issue and is accurate in all such material respects. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Placement Memorandum or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer. The Issuer certifies that the disclosures made in this Placement Memorandum and/or the Private Placement Offer cum Application Letter are adequate and in conformity with the SEBI Debt Listing Regulations and the Companies (Prospectus and Allotment of Securities) Rules, 2014. Further, the Issuer accepts no responsibility for statements made otherwise than in the Placement Memorandum or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of information other than this Placement Memorandum would be doing so at its own risk.

This Placement Memorandum, the Private Placement Offer cum Application Letter and the respective contents hereof respectively are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer and only such recipients are eligible to apply for the Debentures. All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The contents of this Placement Memorandum and/or the Private Placement Offer cum Application Letter are intended to be used only by those Investors to

whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

No invitation is being made to any persons other than those to whom Application Forms along with this Placement Memorandum and/or the Private Placement Offer cum Application Letter being issued have been sent. Any application by a person to whom the Placement Memorandum and/or the Private Placement Offer cum Application Letter has not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Placement Memorandum and/or the Private Placement Offer cum Application Letter shall not reproduce or distribute in whole or in part or make any announcement in public or to a third party regarding the contents hereof without the consent of the Issuer. The recipient agrees to keep confidential all information provided (or made available hereafter), including, without limitation, the existence and terms of the Issue, any specific pricing information related to the Issue or the amount or terms of any fees payable to us or other parties in connection with the Issue. This Placement Memorandum and/or the Private Placement Offer cum Application Letter may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the Issuer. Upon request, the recipients will promptly return all material received from the Issuer (including this Placement Memorandum) without retaining any copies hereof. If any recipient of this Placement Memorandum and/or the Private Placement Offer cum Application Letter decides not to participate in the Issue, that recipient must promptly return this Placement Memorandum and/or the Private Placement Offer cum Application Letter and all reproductions whether in whole or in part and any other information statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the Issue to the Issuer.

The Issuer does not undertake to update the Placement Memorandum and/or the Private Placement Offer cum Application Letter to reflect subsequent events after the date of Placement Memorandum and/or the Private Placement Offer cum Application Letter and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Placement Memorandum and/or the Private Placement Offer cum Application Letter nor any sale of Debentures made hereafter shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Placement Memorandum and/or the Private Placement Offer cum Application Letter does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Placement Memorandum and/or the Private Placement Offer cum Application Letter in any jurisdiction where such action is required. Persons into whose possession this Placement Memorandum and/or the Private Placement Offer cum Application Letter comes are required to inform themselves about and to observe any such restrictions. The Placement Memorandum is made available to Eligible Investors in the Issue on the strict understanding that it is confidential.

2.2 DISCLAIMER CLAUSE OF STOCK EXCHANGES

As required, a copy of this Placement Memorandum has been filed with the BSE in terms of the SEBI Debt Listing Regulations. It is to be distinctly understood that submission of this Placement Memorandum to the BSE should not in any way be deemed or construed to mean that this Placement Memorandum has been reviewed, cleared, or approved by the BSE; nor does the BSE in any manner warrant, certify or

endorse the correctness or completeness of any of the contents of this Placement Memorandum, nor does the BSE warrant that the Issuer's Debentures will be listed or will continue to be listed on the BSE; nor does the BSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.

2.3 DISCLAIMER CLAUSE OF RBI

The Bank has been granted the license of a small finance bank by the Reserve Bank of India. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Bank or for the correctness of any of the statements or representations made or opinions expressed by the Bank and for repayment of deposits/ discharge of liability by the Bank.

2.4 DISCLAIMER CLAUSE OF SEBI

As per the provisions of the SEBI Debt Listing Regulations, it is not stipulated that a copy of this Placement Memorandum has to be filed with or submitted to the SEBI for its review / approval. It is to be distinctly understood that this Placement Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI and that this Issue is not recommended or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Debentures issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Placement Memorandum.

2.5 DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to Investors as specified under the clause titled "Eligible Investors" of this Placement Memorandum, who shall be/have been identified upfront by the Issuer. This Placement Memorandum and/or the Private Placement Offer cum Application Letter does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the exclusive jurisdiction of the High Court at Mumbai, Maharashtra. This Placement Memorandum and/or the Private Placement Offer cum Application Letter does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

2.6 DISCLAIMER IN RESPECT OF RATING AGENCIES

Ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The Rating Agencies have based its ratings on information obtained from sources believed by it to be accurate and reliable. The Rating Agencies do not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the Rating Agencies have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

2.7 ISSUE OF DEBENTURES IN DEMATERIALISED FORM

The Debentures will be issued in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The Issuer shall take necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investor with its depositary participant. The Issuer will make the Allotment to Investors on the Deemed Date of

Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

2.8 FORCE MAJEURE

The Bank reserves the right to withdraw the Issue at any time prior to the closing date of the Issue thereof in the event of any unforeseen development adversely affecting the economic and/or regulatory environment or otherwise. In such an event, the Bank will refund the application money, if any, collected in respect of the Issue without assigning any reason.

SECTION 3: RISK FACTORS

The following are the risks relating to the Bank, the Debentures and the market in general envisaged by the management of the Bank. Eligible Investors should carefully consider all the risk factors stated in this Placement Memorandum and/or the Private Placement Offer cum Application Letter for evaluating the Bank and its business and the Debentures before making any investment decision relating to the Debentures. The Bank believes that the factors described below represent the principal risks inherent in investing in the Debentures. Eligible Investors should also read the detailed information set out elsewhere in this Placement Memorandum and/or the Private Placement Offer cum Application Letter and reach their own views prior to making any investment decision.

If any of the following stated risks actually occur, the Bank's business, financial conditions and results of operations could suffer and, therefore, the value of the Debentures could decline and/or the Bank's ability to meet its obligations in respect of the Debentures could be affected. More than one risk factor may have simultaneous effect with regard to the Debentures such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No prediction can be made as to the effect that any combination of risk factors may have on the value of the Debentures and/or the Bank's ability to meet its obligations in respect of the Debentures. Potential Eligible Investors should perform their own independent investigation of the financial condition and affairs of the Bank, and their own appraisal of the creditworthiness of the Bank. Potential Eligible Investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations with respect to the Debentures. Potential investors should thereafter reach their own views prior to making any investment decision.

These risks and uncertainties are not the only issues that the Bank faces. Additional risks and uncertainties not presently known to the Bank or that the Bank currently believes to be immaterial may also have a material adverse effect on its financial condition or business. Unless specified or quantified in the relevant risk factors, the Bank is not in a position to quantify the financial or other implications of any risk mentioned herein below.

The Bank believes that the factors described below represent the principal risks inherent in investing in the Debentures, but the inability of the Bank, as the case may be, to pay principal or other amounts on or in connection with any Debentures may occur for other reasons and the Bank does not represent that the statements below regarding the risks of holding any Debentures are exhaustive.

Please note that unless specified or quantified in the relevant risk factors, the Bank is not in a position to quantify the financial or other implications of any risk mentioned herein below:

3. GENERAL RISKS

3.1 RISKS IN RELATION TO THE NON-CONVERTIBLE SECURITIES:

(a) <u>Repayment is subject to the credit risk of the Issuer.</u>

Eligible Investors should be aware that receipt of the principal amount, (i.e. the redemption amount), coupon amounts and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Issuer. Eligible Investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

(b) The secondary market for non-convertible securities may be illiquid.

The non-convertible securities may be very illiquid and no secondary market may develop in respect thereof. Even if there is a secondary market for the non-convertible securities, it is not likely to provide significant liquidity or may not reflect the true risk adjusted price. Eligible Investors may have to hold the Debentures until redemption to realize any value.

(c) Credit risk & rating downgrade risk

The Rating Agencies have assigned the credit ratings to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the Rating Agencies may downgrade the rating of the Debentures. In such cases, Eligible Investors may incur losses on revaluation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms.

(d) Changes in interest rates may affect the price of the Debentures.

All securities where a fixed rate of interest is offered, such as this Issue, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the Debentures.

(e) Tax considerations and Legal considerations

Special tax considerations and legal considerations may apply to certain types of investors. Eligible Investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

(f) Accounting considerations

Special accounting considerations may apply to certain types of taxpayers. Eligible Investors are urged to consult with their own accounting advisors to determine implications of this investment.

(g) Unsecured and Subordinated Debentures

The Debentures are not ‘secured debentures’ for the purpose of Section 71(3) of the Act. The Debentures are unsecured and subordinated in nature.

(h) Material changes in regulations to which the Issuer is subject could impair the Issuer’s ability to meet payment or other obligations.

The Issuer is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

3.2 REFUSAL IN LISTING OF ANY SECURITY OF THE ISSUER DURING LAST THREE YEARS BY ANY OF THE STOCK EXCHANGES IN INDIA OR ABROAD:

As of date, the Issuer has not been refused in listing of any security during the last 3 (Three) years by any of the stock exchanges in India or abroad and therefore, this would not be applicable.

3.3 LIMITED OR SPORADIC TRADING OF NON-CONVERTIBLE SECURITIES OF THE ISSUER ON STOCK EXCHANGES:

As of date, we are not aware of any limited or sporadic trading of the non-convertible securities of the Issuer on stock exchanges and therefore, this would not be applicable.

3.4 IN CASE OF OUTSTANDING DEBT INSTRUMENTS OR DEPOSITS OR BORROWINGS, ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY AS PER TERMS AGREED, DEFAULT IN PAYMENT OF INTEREST, DEFAULT IN REDEMPTION OR REPAYMENT, NON-CREATION OF DEBENTURE REDEMPTION RESERVE, DEFAULT IN PAYMENT OF PENAL INTEREST WHEREVER APPLICABLE

As of date, the Issuer has not defaulted in compliance with any material covenants agreed to by the Issuer and therefore, this would not be applicable.

3.5 RISKS RELATED TO THE BUSINESS OF THE ISSUER

(a) ***The Issuer's business operates through a large number of branches and is exposed to operational risks including fraud.***

The Issuer is exposed to operational risks, including fraud, petty theft and embezzlement, as it handles a large amount of cash due to high volume of small transactions. This could harm its operations and its financial position.

As the Issuer handles a large amount of cash through a high volume of small transactions taking place in its network, the Issuer is exposed to the risk of fraud or other misconduct by its employees or outsiders. These risks are further compounded due to the high level of delegation of power and responsibilities that the Issuer's business model requires. Given the high volume of transactions processed by the Issuer, certain instances of fraud and misconduct may go unnoticed before they are discovered and successfully rectified. Even when the Issuer discovers such instances of fraud or theft and pursue them to the full extent of the law or with its insurance carriers, there can be no assurance that the Issuer will recover any such amounts. In addition, the Issuer's dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.

However, all the disbursements are directly transferred to the clients' bank accounts which helps to minimise the above-mentioned risks significantly.

To mitigate the above risk, the Issuer maintains an internal audit process to ensure the operations team follows the defined procedures and reports any deviations to the operations staff and management team. The Issuer also has a MIS and Data Analytics system which is able to generate data analysis that can be used to monitor financial and operational performance.

(b) ***The Issuer is exposed to certain political, regulatory and concentration risks***

Due to the nature of its operations, the Bank is exposed to political, regulatory and concentration risks. The Bank believes a mitigant to this is to expand its geographical reach and may consequently expand its operations into other states. If it is not effectively able to manage such operations and expansion, it may lose money invested in such expansion, which could adversely affect its business and results of operations.

Large scale attrition, especially at the senior management level, can make it difficult for the Issuer to manage its business.

If the Bank is not able to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain the Bank's quality and reputation, it will be difficult for the Bank to manage its business and growth. The Bank depends on the services of its executive officers and key employees for its continued operations and growth. In particular, the Bank's senior management has significant experience in the finance, banking and financial services industries. The loss of any of the Bank's executive officers, key employees or senior managers could negatively affect its ability to execute its business strategy, including its ability to manage its rapid growth. The Bank's business is also dependent on its team of personnel who directly manage its relationships with its members. The Bank's business and profits would suffer adversely if a substantial number of such personnel left the Bank or became ineffective in servicing its members over a period of time. The Bank's future success will depend in large part on its ability to identify, attract and retain highly skilled managerial and other personnel. Competition for individuals with such specialized knowledge and experience is intense in this industry, and the Bank may be unable to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain its quality and reputation or to sustain or expand its operations. The loss of the services of such personnel or the inability to identify, attract and retain qualified personnel in the future would make it difficult for the Bank to manage its business and growth and to meet key objectives.

(c) ***The Issuer may face asset-liability mismatches, which could affect the Issuer's liquidity and consequently may adversely affect the Issuer's operations and profitability.***

Assets and liability mismatch ("**ALM**"), which represents a situation when the financial terms of an institution's assets and liabilities do not match, is a key financial parameter for the Issuer. The Issuer cannot assure you that we will be able to maintain a positive ALM. The Issuer may rely on funding options with a short term maturity period for extending long term loans, which may lead to negative ALM. Further, mismatches between the Issuer's assets and liabilities are compounded in case of pre-payments of the financing facilities the Issuer grants to the customers of the Issuer. Any mismatch in the Issuer's ALM may lead to a liquidity risk and have an adverse effect on the Issuer's operations and profitability.

(d) ***The Issuer is exposed to operational and credit risks which may result in NPAs, and the Issuer may be unable to control or reduce the level of NPAs in the Issuer's portfolio.***

The ability of the Issuer to manage the credit quality of the Issuer's loans, which the Issuer measures in part through NPAs, is a key driver of the Issuer's results of operations. The Issuer's NPAs may increase in the future, due to several factors, including increased competition, adverse effects on the business and results of operations of the Issuer's borrowers, a rise in unemployment, a sharp and sustained rise in interest rate, slow industrial and business growth, impact of global pandemic or epidemic, changes in customer behavior and demographic patterns, political influences and central and state government decisions and changes in regulations. In addition, even if the Issuer's policies and procedures are effective and properly implemented, the Issuer may not be able to anticipate future economic or financial developments or downturns, which could lead to an increase in the Issuer's NPAs.

(e) ***Disruptions in information technology systems could adversely affect the operations and***

reputation of the Issuer

The business of the Issuer is dependent upon increasingly complex and interdependent information technology systems. The Issuer utilizes the loan management system capabilities of Oracle Flexcube Core Banking solution. The Issuer has more than 100 business applications out of which many applications are critical and have customer information and transaction details. These applications are integrated through service bus to provide real time sync across all relevant applications. The Issuer has also entered into agreements with several IT companies to set up IT infrastructure for the operations of the Issuer, and the Issuer is dependent on such technology service providers. In addition, the delivery channels of the Issuer include ATMs, call centers, mobile platforms and the internet. If the IT service providers of the Issuer are unable to fulfill their contractual obligations or the Issuer encounters any failure in the timely implementation, performance or integration of such systems, the Issuer may experience interruptions in the operations, loss of customers, damaged reputation and weakening of the competitive position of the Issuer.

(f) ***The Issuer is dependent on the senior management and other key personnel of the Issuer, and the loss of, or the Issuer's inability to attract or retain, such persons could adversely affect the business of the Issuer, results of operations, financial condition and cash flows of the Issuer.***

The performance of the Issuer depends largely on the efforts and abilities of the senior management and other key personnel of the Issuer, including the operational, credit managers and branch managers of the Issuer. There is no guarantee that other key personnel will not terminate their employment with the Issuer or join a competitor, or that the Issuer will be able to retain such key personnel, including senior management personnel, or find adequate replacements in a timely manner, or at all. The Issuer may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with the Issuer.

(g) ***The Issuer's business and results of operations would be adversely affected by strikes, work stoppages or increased wage demands by employees***

The employees are not currently unionized. However, there can be no assurance that they will not unionize in the future. If the employees unionize, it may become difficult to maintain flexible labour policies, and could result in high labour costs, which would adversely affect the Issuer's business and results of operations.

(h) ***The Issuer's insurance coverage may not adequately protect it against losses. Successful claims that exceed its insurance coverage could harm the Issuer's results of operations and diminish its financial position***

The Issuer maintains insurance coverage of the type and in the amounts that it believes are commensurate with its operations and other general liability insurances. The Issuer's insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage.

In addition, there are various types of risks and losses for which the Issuer does not maintain insurance, such as losses due to business interruption and natural disasters, because they are either uninsurable or because insurance is not available to the Issuer on acceptable terms. A successful assertion of one or more large claims against the Issuer that exceeds its available insurance coverage or results in changes in its insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect the Issuer's business, financial condition and results of operations.

(i) ***The economic fallout from the spread of any pandemic including the COVID-19 virus may***

impact the Issuer's business prospects, financial condition, result of operations and credit risk

The spread of the pandemics including COVID-19 virus has affected millions across the globe and the same coupled with measures taken by the governments including lockdowns/ curfew has not only affected day to day lives of people but has also given a hard blow to the supply chain of factories, with trade routes being disturbed and slowing down of the industry, trade, commerce and business activities across all sectors.

Such pandemics including the COVID-19 virus pandemic is adversely affecting, and is expected to continue to adversely affect, our operations, business, liquidity and cashflows, and we have experienced and expect to continue to experience unpredictable reductions in demand for certain of our products and services. Further, since a good fraction of our borrowers are small transport road operators, the disruption due to such pandemics including COVID-19 virus will also have an impact on their business as well as repayment capacity of the loans taken from us.

However, the extent of negative financial impact cannot be reasonably estimated at this time but a sustained economic slowdown may significantly affect our business, financial condition, liquidity, cashflows and results of operations and the same will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of such pandemics including the COVID-19 virus and the actions to contain such pandemics including COVID-19 virus or treat its impact, among others.

Similarly, the occurrence of any other pandemic disease during the tenor of the Debentures could adversely affect our results of operations, cash flows or financial condition and may adversely affect the Indian securities markets. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business. Consequently, there may be a negative effect on the Bank's ability to service the obligations in relation to the Debentures.

(j) ***Economic Risk in India:***

The Issuer operates only within India and, accordingly, all of its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where the Issuer has a relatively higher exposure could adversely Impact its performance. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition.

3.6 ANY OTHER RISK FACTORS

(a) Legality of Purchase

Eligible Investors in the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which they operate or for compliance by that potential Investor with any law, regulation or regulatory policy applicable to it.

(b) Non-Payment due to Bank's weak capital position

Potential Eligible investors should be aware that in certain circumstances, the RBI (in consultation with the Issuer) shall be entitled to determine write down of the principal value / interest of the Debentures, to skip interest payments, to make an early recall etc. without commensurate right for investors to legal recourse, even if such actions of the issuer might result in potential loss to investors. Such risks may arise due to the Bank's weak capital position or loan delinquencies (for more details please refer to "**Point of Non-Viability**" in Section 5.37 of the Placement Memorandum).

(c) Order of priority at the time of winding up of the Bank

In case the Bank goes into liquidation and is being wound up, then the order of priority of holders of Debentures shall be:

(i) senior to the claims of investors in instruments eligible for inclusion in Tier I Capital and Upper Tier II Capital of the Bank; and

(ii) subject to (i) above, subordinated to the claims of the other creditors of the Bank but shall rank *pari passu* with the other Lower Tier II Capital instruments of the Bank (whether present or future).

SECTION 4: FINANCIAL STATEMENTS

The audited financial statements of the Issuer for the financial year ended 31st March 2022 are set out in **Annexure V** of this Placement Memorandum.

SECTION 5: REGULATORY DISCLOSURES

The Placement Memorandum is prepared in accordance with the provisions of SEBI Debt Listing Regulations and in this section, the Issuer has set out the details required as per Schedule II of the SEBI Debt Listing Regulations.

5.1 Documents Submitted to the Exchanges

The following documents have been / shall be submitted to the BSE:

A. this Placement Memorandum;
B. Memorandum and Articles of Association of the Issuer;
C. Certified copy of necessary resolution(s) authorizing the borrowings, issuance of the Debentures and list of authorized signatories for the allotment of the Debentures;
D. Copy of last 3 (Three) years audited Annual Reports;
E. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
F. Certified copy of the resolution passed by the shareholders of the Bank at the Annual General Meeting held on August 17, 2021, authorizing the issue/offer of non-convertible debentures by the Bank;
G. Certified copy of the resolution passed by the shareholders of the Bank at the general meeting held on July 26, 2019, authorizing the borrowing of the Bank up to a limit of Rs. 22,000 Crore (Rupees Twenty Two Thousand crore only);
H. Certified copy of the resolution passed by the Board of Directors of the Issuer on July 29, 2022 authorizing the issuance of the Debentures and the list of authorized signatories;
I. An undertaking from the Issuer stating that the necessary documents for the creation of the charge, where applicable, including the Debenture Trust Deed would be executed within the time frame prescribed in the relevant regulations/acts/rules etc. and the same would be uploaded on the website of the BSE, where such securities have been proposed listed, within 5 (Five) working days of execution of the same; and
J. Any other particulars or documents that the recognized stock exchange may call for as it deems fit.

5.2 Documents Submitted to Debenture Trustee

The following documents have been/shall be submitted to the Debenture Trustee in electronic form (soft copy) on or before the allotment of the Debentures:

A. Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
B. Copy of last 3 (Three) years audited Annual Reports;
C. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
D. Latest audited / limited review half yearly consolidated (wherever available) and standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any.
E. An undertaking to the effect that the Issuer would, until the redemption of the debt securities, submit the details mentioned in point (D) above to the Debenture Trustee within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009/ Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for furnishing / publishing its half yearly/ annual results. Further, the Issuer shall within 180 (One

Hundred and Eighty) calendar days from the end of the financial year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' (QIBs) and other existing debenture-holders within 2 (two) calendar days of their specific request.

5.3 Details of Promoters of the Issuer:

S.no	Details of Promoter	Description
1.	Name of promoter	Mr. Sanjay Agarwal
2.	Date of Birth	08.09.1970
3.	Age	51 Years
4.	Personal Addresses	A-1, Gate No 2, Officer Campus Main, Sirsi Road, Vishnu Marg, Jaipur, Jaipur, Rajasthan - 302012
5.	Education Qualifications	Chartered Accountant B.Com.
6.	Experience in the business or employment	27 Years
7.	positions/posts held in the past by the promoter	Director at 1. Aavas Financiers Limited 2. Shivgyan Mines and Minerals Private Limited 3. Velocity Insurance Broking Services Private Limited (Formely AU Insurance Broking Services Private Limited) 4. MYS Holdings Private Limited 5. Index Money Limited
8.	directorships held by the promoter	None, Except MD & CEO
9.	Other ventures of the promoter	NA
10.	Special achievements	He has been awarded as: • Rajasthan Entrepreneur and Excellence Award - Personality of the year (finance category) 2016, • *Our Business Leader of the Year*" at the Institute of Chartered Accountants of India Awards, 2017, • EY Entrepreneur of the Year 2018, • Excellence Award, ET Gamechanger of India – 2019.
11.	Business and financial activities of the promoter	None, Except MD & CEO and Promoter of the Bank
12.	Photograph	
13.	Permanent Accountant Number	ACDPA9685N

S.no	Details of Promoter	Description
1.	Name of promoter	Mrs. Jyoti Agarwal (W/o Mr. Sanjay Agarwal)
2.	Date of Birth	31.10.1975
3.	Age	46 Years
4.	Personal Addresses	A-1, Gate No 2, Officer Campus Main, Sirsi Road, Vishnu Marg, Jaipur, Jaipur, , Rajasthan - 302012
5.	Education Qualifications	second year pre-university under the aegis of Education Department of Government of Karnataka
6.	Experience in the business or employment	HOMEMAKER
7.	positions/posts held in the past by the promoter	Held directorship at: • Nice Securities Pvt ltd • AU Small Finance Bank Limited
8.	directorships held by the promoter	• MYS Holdings Private Limited • Shivgyan Mines and Minerals Private Limited
9.	Other ventures of the promoter	NA
10.	Special achievements	NA
11.	Business and financial activities of the promoter	NA
12.	Photograph	
13.	Permanent Accountant Number	ABJPA3157A

S.no	Details of Promoter	Description
1.	Name of promoter	Late Mr. Chiranji Lal Agarwal*
2.	Date of Birth	25.12.1940
3.	Age	N.A
4.	Personal Addresses	A-1, Gate No 2, Officer Campus Main, Sirsi Road, Vishnu Marg, Jaipur, Jaipur, , Rajasthan - 302012
5.	Education Qualifications	Bachelor's In Electrical Engineering FROM Jodhpur Engineering College
6.	Experience in the business or employment	Deputy Chief Engineer at RSEB, Rajasthan

7.	positions/posts held in the past by the promoter	Director at: MYS Holdings Private Limited Shivgyan Mines and Minerals Private Limited
8.	directorships held by the promoter	NA
9.	Other ventures of the promoter	NA
10.	Special achievements	NA
11.	Business and financial activities of the promoter	NA
12.	Photograph	
13.	Permanent Accountant Number	AAYPA7038C

*Mr. Chiranjilal Agarwal was deceased on 6th October 2021 and transmission of his shares are yet to be completed.

S.no	Details of Promoter	Description
1.	Name of promoter	Mrs. Shakuntala Agarwal (W/o Late Mr. Chiranji Lal Agarwal)
2.	Date of Birth	25.03.1950
3.	Age	72 Years
4.	Personal Addresses	A-1, Gate No 2, Officer Campus Main, Sirsi Road, Vishnu Marg, Jaipur, Jaipur, , Rajasthan - 302012
5.	Education Qualifications	Discontinued her pursuit in education while receiving primary education
6.	Experience in the business or employment	NA
7.	positions/posts held in the past by the promoter	NA
8.	directorships held by the promoter	NA
9.	Other ventures of the promoter	NA
10.	Special achievements	NA
11.	Business and financial activities of the promoter	NA
12.	Photograph	
13.	Permanent Accountant Number	AECPA7984B

5.4 Details of specific entities in relation to the Issue:

S.no	Particulars	Details
1.	Debenture Trustee to the Issue	Name: Catalyst Trusteeship Limited Logo: Address: Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098 Website: www.catalysttrustee.com Email address: compliancectl-mumbai@ctltrustee.com Telephone Number: 022-49220555 Contact Person: Mr. Umesh Salvi, Business Head
2.	Credit Rating Agency for the Issue	Name: CRISIL Ratings Limited Address: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai -400076 Logo: Telephone Number: 022-33423000 Email address: Vani.Ojasvi@crisil.com Contact person: Vani Ojasvi Name: CARE Ratings Limited Address: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai – 400022. Logo: Telephone Number: +91-22-6754 3573 Email address: aditya.acharekar@careedge.in Contact person: Mr. Aditya R Acharekar

S.no	Particulars	Details
3.	Registrar to the Issue	Name: Link Intime India Private Limited Address: C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai - 400 078 Logo: LINK Intime Telephone Number: 022 25963828 Fax number: 022 49186060 Website: www. linkintime.co.in Email address: amit.dabhade@linkintime.co.in
4.	Joint Statutory Auditors	Name: M/S Deloitte Haskins & Sells Logo: Deloitte. Address: 19th Floor, Shapath-V S.G. Highway Ahmedabad – 380 015 Gujarat, India Website: www.deloitte.com Email address: mojain@deloitte.com Telephone Number: +91 79 6682 7300 Contact Person: Mr. Mohit Jain 9831725866 Name: M/S G.M. Kapadia & Co. Logo: N.A. Address: 1007, Raheja Chambers, 213, Nariman Point, Mumbai - 400021 Maharashtra, India Website: www.gmkco.com Email address: rajen@gmkco.com Telephone Number: +91 22 6611 6611 Contact Person: Mr. Rajen Ashar 9967553100
5.	Legal Counsel (if any)	Name: Wadia Ghandy & Co. Logo:

S.no	Particulars	Details
		Address: 2nd Floor, NM Wadia Buildings, 123 MG Road, Fort, Mumbai 400 001 Website: N.A Email address: shabnum.kajiji@wadiaghandy.com Telephone Number: +91 (22) 2271 5600 Contact Person: Ms. Shabnum Kajiji
6.	Guarantor (if applicable)	Name: N.A. Logo: N.A. Address: N.A. Website: N.A. Email address: N.A. Telephone Number: N.A. Contact Person: N.A.
7.	Arrangers, if any	Name: N.A. Logo: N.A. Address: N.A. Website: N.A. Email address: N.A. Telephone Number: N.A. Contact Person: N.A.

5.5 About the Issuer: A brief summary of business / activities of the Issuer and its subsidiaries with the details of branches or units if any and its line of business containing at least the following information:

A. **Overview of the business of the Issuer**

AU Small Finance Bank Limited (AU Bank) is a scheduled commercial bank, a Fortune India 500 Company and the largest Small Finance Bank in the country. Starting its journey in 1996 by Mr. Sanjay Agarwal from the hinterlands of Rajasthan, today AU Bank is the largest Small Finance Bank with a deep understanding of the rural and semi-urban markets that has enabled it build robust business model facilitating inclusive growth. With 27+ years legacy of being a retail focused and customer centric institution, AU started its banking operations in April 19 2017 as scheduled commercial bank which was formerly known as Au Financiers (India) Limited which was a systemically important asset financing Non-Banking Financial Company ("NBFC") and currently offers: 1. Retail Loans, including wheels loan, secured business loans to micro, small and medium enterprises ("MSME"), housing loans, gold loans, agri-MSME, 2. Small & Mid corporate loans, including non-banking financial companies ("**NBFC**")/ housing finance companies ("**HFC**") loans, real estate group loans and business banking loans, and 3. Comprehensive Banking Solutions viz. QR, Credit card, PL, Mutual Funds, 3-in-1 accounts. The Bank's liability product offerings include the entire gamut including of Current Account, Saving Account, Recurring and Term Deposits, Transaction Banking, Internet and Mobile Banking (Super-App AU 0101 and Video Banking). AU SFB also distributes mutual funds and insurance covers.

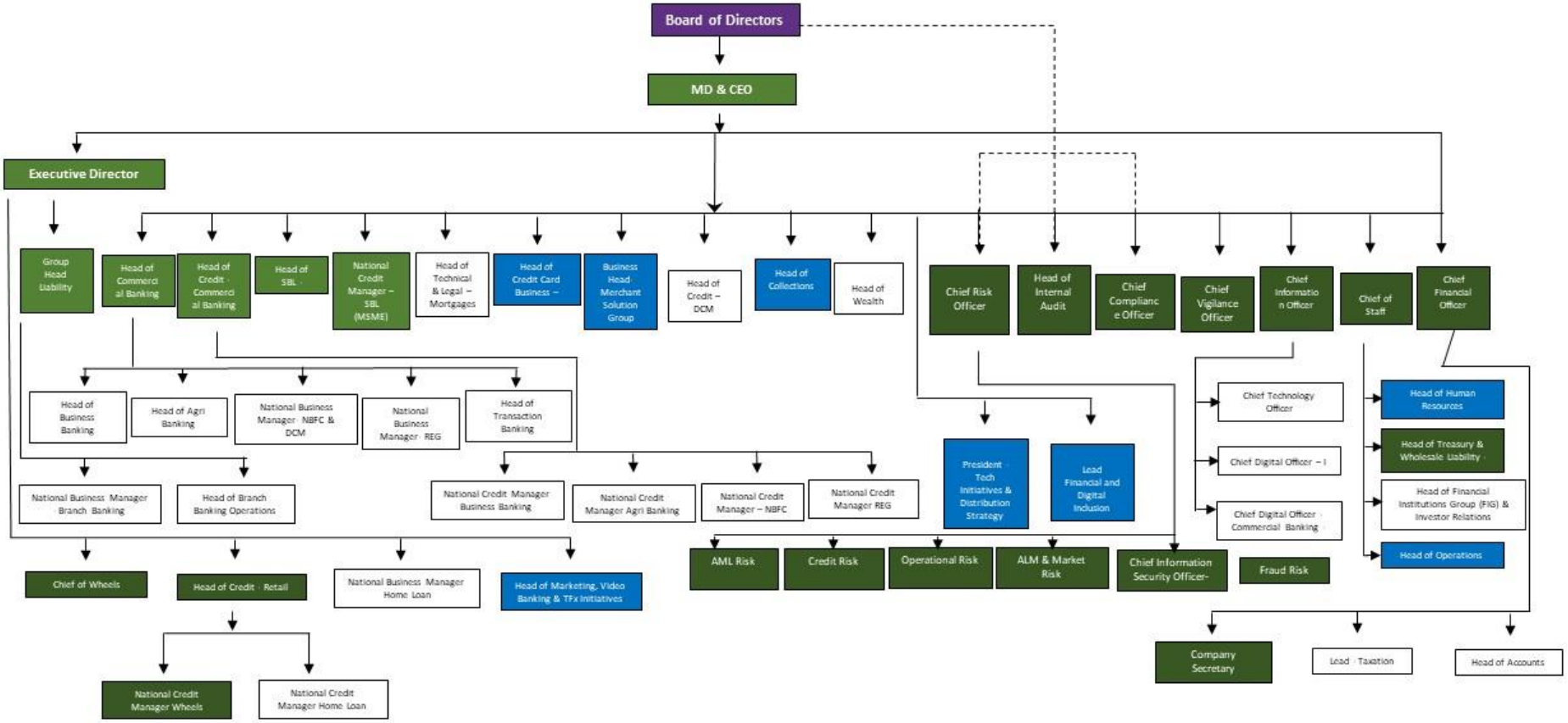
The Bank is listed on the NSE and the BSE. The listing of the Bank occurred on July 10, 2017.

As on June 30, 2022, AU SFB has 502 branches (including 70 unbanked branches), 215 asset centers, 220 BOs, 16 Smart BCs and 542 ATMs across 20 states and 2 union territory. Moreover, at 3MFY23, the Bank had gross AUM totaling INR 50,161 crore, total deposits worth INR 54,631

crore and an employee base of 29,883.

For further details, please refer https://www.aubank.in/quarterly-report

B. Corporate Structure of the Issuer



C. **Project cost and means of financing, in case of funding of new projects**
Not applicable.

5.6 Key Operational and Financial Parameters for the last 3 audited years on a consolidated basis and standalone basis:

Particulars	March 31, 2020	March 31, 2021	March 31, 2022
Balance Sheet	42,143.07	51,591.31	69,077.80
Net Fixed assets	448.00	482.37	622.57
Current assets	NA	NA	NA
Non-current assets	NA	NA	NA
Total assets	42,143.07	51,591.31	69,077.80
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Deferred tax liabilities (net) Other non-current liabilities	NA	NA	NA
Current Liabilities (including maturities of long-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Current tax liabilities (net) Other current liabilities	NA	NA	NA
Equity (equity and other equity)$	4,376.81	6,275.22	7,514.01
Total equity and liabilities	42,143.07	51,591.31	69,077.80
Profit and Loss			
Total revenue From operations^ Other income	 4,285.89 706.09	 4,950.05 1,420.93	 5,921.73 993.69
Total Expenses#	4,317.19	5,200.30	5,785.59
	NA	NA	NA

Particulars	March 31, 2020	March 31, 2021	March 31, 2022
Total comprehensive income			
Profit / loss	674.78	1,170.68	1,129.83
Other comprehensive income	NA	NA	NA
Profit / loss after tax	674.78	1,170.68	1,129.83
Earnings per equity share: (a) basic; and (b) diluted			
Continuing operations	22.78 and 22.32	38.19 and 37.86	36.06 and 35.69
Discontinued operations	NIL	NIL	NIL
Total Continuing and discontinued operations	22.78 and 22.32	38.19 and 37.86	36.06 and 35.69
Cash Flow			
Net cash generated from operating activities	659.57	5,056.10	6,848.98
Net cash used in /generated from investing activities	(1,267.45)	(989.74)	(4,753.37)
Net cash used in financing activities	2,237.36	(2,654.70)	(948.44)
Cash and cash equivalents	3,369.68	4,781.34	5,928.52
Balance as per statement of cash flows	3,369.68	4,781.34	5,928.52
Additional Information			
Net worth	4,376.81	6,275.22	7,514.01
Cash and Cash Equivalents	3,369.68	4,781.34	5,928.52
Current Investments	NA	NA	NA
Assets Under Management	30,893.16	37,712.11	47,830.98
Off Balance Sheet Assets	3,851.56	2,413.15	1,241.37
Total Debts to Total assets	24.52%	13.63%	8.67%
Debt Service Coverage Ratios	NA	NA	NA
Interest Income	4,285.88	4,950.05	5,921.73
Interest Expense	2,376.94	2,584.61	2,687.61
Interest service coverage ratio	NA	NA	NA
Provisioning & Write-offs	283.20	669.44	360.97
Bad debts to Account receivable ratio*	52.78%	49.81%	76.62%
Gross NPA (%)	1.68%	4.25%	1.98%
Net NPA (%)	0.81%	2.18%	0.50%
Tier I Capital Adequacy Ratio (%)	18.36%	21.53%	19.69%
Tier II Capital Adequacy Ratio (%)	3.63%	1.84%	1.30%

$ Equity represents paid up share capital and reserves and Surplus.
^ Interest Earned
#including provision & contingencies and Tax expense
*Provision coverage Ratio including technical write off

5.7 Debt: Equity Ratio of the Bank:

Before the Issue	0.41
After the Issue	0.49

5.8 Details of any other contingent liabilities of the Issuer based on the last audited financial statements including amount and nature of liability:

			(₹ in crore)
Particulars			**As at March 31, 2022**
I.	Claims against the Bank not acknowledged as Debts		36.52
II.	Guarantees given on behalf of Constituents		
	a) In India		1,465.11
	b) Outside India		-
III.	Acceptances Endorsements and Other Obligation		71.19
IV.	Other items for which the Bank is Contingently Liable		
	(a) Credit enhancements provided by the Bank towards assets assignment/securitization		378.37
	(b) Capital commitments not provided		113.92
	(c) Other Guarantees		42.50
	Total		**2,107.61**

5.9 A brief history of Issuer since its incorporation giving details of its following activities:

A. **Details of Share Capital as on last quarter end, i.e., June 30 2022**:

Share Capital	Amount (in Rs.)
Authorised Share Capital	12,00,00,00,000
Issued, Subscribed and Paid- up Share Capital	**630,18,64,660**

B. **Changes in its capital structure as on last quarter end i.e., June 30 2022 for the last three years:**

Date of Change ~~(AGM/EGM)~~ (Postal Ballot)	Remarks	Particulars
29th May 2022	Change in Authorised Capital	Bank has increased the authorised share capital from Rs. 3,50,00,00,000/- (Rupees Three Hundred and Fifty Crore only) divided into 35,00,00,000 (Thirty-Five Crore) equity shares of Rs. 10/- (Rupees Ten only) each to Rs. 12,00,00,00,000 (Rupees One Thousand Two Hundred Crore Only) divided into 1,20,00,00,000 (One Hundred and Twenty Crore) equity shares of Rs. 10/- (Rupees Ten only) each by

		the creation of additional 85,00,00,000 (Eighty-Five Crores) equity shares of Rs. 10/- (Rupees Ten only) each.

Please refer to the table under Clause 5.9 C for changes in paid up capital of the Bank for the last three years.

C. Equity Share Capital History of the Bank, for the last three years:

Date of Allotment	No. of Equity Shares	Face Value (in Rs)	Issue Price (in Rs)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative Paid Up Capital			Remarks
						No. of Equity Shares	Equity Share Capital (Rs in million)	Equity Share Premium (Rs) (After adjustment)	
Balance as on April 01, 2019	29,23,57,486	10	-	Cash			2,924	5,37,03,05,625	
May 8, 2019	27,941	10	10.11 - 140	Cash	ESOP	29,23,85,427	2,924	5,38,24,31,114.18	
June 29, 2019	13,010	10	10.11 - 140	Cash	ESOP	29,23,98,437	2,924	5,38,97,14,289.34	
August 13, 2019	6,80,445	10	10.11 - 140	Cash	ESOP	29,30,78,882	2,931	5,42,03,95,415.35	
September 11, 2019	3,48,006	10	10.11 - 664	Cash	ESOP	29,34,26,888	2,934	5,43,85,06,150.96	
October 10, 2019	48,536	10	10.11 - 664	Cash	ESOP	29,34,75,424	2,935	5,44,14,09,781.46	
November 8, 2019	34,985	10	10.11 - 140	Cash	ESOP	29,35,10,409	2,935	5,44,34,96,477.78	
December 13, 2019	72,912	10	10.11 - 664	Cash	ESOP	29,35,83,321	2,936	5,44,94,60,249.56	
December 13, 2019	1,01,04,364	10	692.77	Cash	Preferential Issue	30,36,87,685	3,037	12,30,96,21,274.25	
January 22, 2020	37,158	10	10.11 - 664	Cash	ESOP	30,37,24,843	3,037	12,31,95,84,332.71	
February 19, 2020	3,53,998	10	10.11 - 664	Cash	ESOP	30,40,78,841	3,041	12,54,45,92,772.95	
March 18, 2020	44,486	10	10.11 - 664	Cash	ESOP	30,41,23,327	3,041	12,56,65,76,577.59	
May 2, 2020	10,61,908	10	10.11 - 664	Cash	ESOP	30,51,85,235	3,052	12,62,02,68,978.46	
May 30, 2020	63,861	10	10.11 - 140	Cash	ESOP	30,52,49,096	3,052	12,63,46,49,360.15	
June 8, 2020	11,58,535	10	10.11 - 140	Cash	ESOP	30,64,07,631	3,064	12,67,18,17,498.38	
July 27, 2020	51,046	10	10.11 - 140	Cash	ESOP	30,64,58,677	3,065	12,68,03,68,031.54	
August 25, 2020	41,085	10	33.37 - 664	Cash	ESOP	30,64,99,762	3,065	12,69,35,56,610.75	
September 25, 2020	35,567	10	10.11 - 664	Cash	ESOP	30,65,35,329	3,065	12,71,04,00,294.04	
October 27, 2020	4,412	10	33.37 - 664	Cash	ESOP	30,65,39,741	3,065	12,71,30,51,190.74	
November 26, 2020	1,71,803	10	10.11 - 664	Cash	ESOP	30,67,11,544	3,067	12,79,55,26,605.88	
December 29, 2020	47,014	10	10.11 - 668	Cash	ESOP	30,67,58,558	3,068	12,81,45,02,487.63	
January 27, 2021	10,065	10	33.37 - 140	Cash	ESOP	30,67,68,623	3,068	12,81,92,23,003.70	
January 27, 2021	12,304	10	630 - 668	Cash	ESOP	30,67,80,927	3,068	12,82,71,89,699.15	

Date of Allotment	No. of Equity Shares	Face Value (in Rs)	Issue Price (in Rs)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative Paid Up Capital			Remarks
						No. of Equity Shares	Equity Share Capital (Rs in million)	Equity Share Premium (Rs) (After adjustment)	
February 18, 2021	87,009	10	10.11 - 140	Cash	ESOP	30,68,67,936	3,069	12,88,53,89,664.20	
February 18, 2021	2,22,062	10	630 - 724	Cash	ESOP	30,70,89,998	3,071	13,04,35,16,593.25	
March 15, 2021	50,00,000	10	1251	Cash	QIP	31,20,89,998	3,121	19,17,80,17,113.94	
March 24, 2021	1,23,392	10	10.11 - 724	Cash	ESOP	31,22,13,390	3,122	19,25,29,45,362.40	
April 23, 2021	48,267	10	33.37-724	Cash	ESOP	31,22,61,657	3,123	19,28,30,33,788.44	
May 19, 2021	5,61,160	10	10.11-664	Cash	ESOP	31,28,22,817	3,128	19,60,88,38,761.39	
June 24, 2021	1,14,063	10	10.11-724	Cash	ESOP	31,29,36,880	3,129	19,66,08,40,994.94	
August 3, 2021	51,864	10	10.11-724	Cash	ESOP	31,29,88,744	3,130	19,68,25,40,629.30	
September 11, 2021	1,21,667	10	33.37-724	Cash	ESOP	31,31,10,411	3,131	19,75,38,29,777.70	
October 5, 2021	4,46,204	10	140-724	Cash	ESOP	31,35,56,615	3,136	20,06,27,81,919.35	
November 11, 2021	1,08,978	10	140-724	Cash	ESOP	31,36,65,593	3,137	20,14,07,73,345.85	
December 18, 2021	1,03,841	10	33.37-724	Cash	ESOP	31,37,69,434	3,138	20,20,60,70,366.05	
January 12, 2022	36,690	10	140-668	Cash	ESOP	31,38,06,124	3,138	20,23,05,72,447.65	
February 10, 2022	62,449	10	140-791	Cash	ESOP	31,38,68,573	3,139	20,27,38,72,191.30	
March 16, 2022	10,31,458	10	33.37-791	Cash	ESOP	31,49,00,031	3,149	20,93,35,72,476.80	
April 11, 2022	12,700	10	140-664	Cash	ESOP	31,49,12,731	3,149	20,94,23,62,254.75	
May 25, 2022	1,80,502	10	10.11-929	Cash	ESOP	31,50,93,233	3,151	21,05,55,81,605.35	
June 12, 2022	31,50,93,233	10	-	-	Bonus	63,01,86,466	6,302	17,89,85,06,308.54	

5.10 Details of any Acquisition or Amalgamation with any entity in the last 1 (one) year:

None

5.11 Details of any Reorganization or Reconstruction in the last 1 (one) year:

None

5.12 Details of the shareholding of the Bank as on the latest quarter end, i.e., June 30 2022

A. Shareholding pattern of the Bank as on last quarter end, i.e. June 30, 2022 as per the format specified under the listing regulations:

AU Small Finance Bank Limited
Table I - Summary Statement holding of specified securities

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class eg: X	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	5	17,77,98,412	-	-	17,77,98,412	28.21	17,77,98,412	-	17,77,98,412	28.21	-	28.21	-	-	-	-	17,77,98,412
(B)	Public	1,77,395	45,23,88,054	-	-	45,23,88,054	71.79	45,23,88,054	-	45,23,88,054	71.79	-	71.79	-	-	-	-	45,23,74,416
(C)	Non Promoter - Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares Held by Employee Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		**1,77,400**	**63,01,86,466**	**-**	**-**	**63,01,86,466**	**100.00**	**63,01,86,466**	**-**	**63,01,86,466**	**100.00**	**-**	**100.00**	**-**	**-**	**-**	**-**	**63,01,72,828**

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

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Sr. No.	Category & Name of the shareholders	Entity Type	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y	Total								
	(I)		(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1	**Indian**																		
(a)	**Individuals / Hindu Undivided Family**		**4**	**16,44,69,340**	**-**	**-**	**16,44,69,340**	**26.10**	**16,44,69,340**	**-**	**16,44,69,340**	**26.10**	**-**	**26.10**	**-**	**-**	**-**	**-**	**16,44,69,340**
	Sanjay Agarwal	Promoters	1	11,35,32,718	-	-	11,35,32,718	18.02	11,35,32,718	-	11,35,32,718	18.02	-	18.02	-	-	-	-	11,35,32,718
	Shakuntala Agarwal	Promoters	1	2,36,40,860	-	-	2,36,40,860	3.75	2,36,40,860	-	2,36,40,860	3.75	-	3.75	-	-	-	-	2,36,40,860
	Jyoti Agarwal	Promoters	1	2,36,37,120	-	-	2,36,37,120	3.75	2,36,37,120	-	2,36,37,120	3.75	-	3.75	-	-	-	-	2,36,37,120
	Chiranji Lal Agarwal*	Promoters	1	36,58,642	-	-	36,58,642	0.58	36,58,642	-	36,58,642	0.58	-	0.58	-	-	-	-	36,58,642
	Yuvraj Agarwal	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Mallika Agarwal	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	**Central Government / State Government(s)**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(c)	**Financial Institutions / Banks**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(d)	**Any Other (Specify)**		**1**	**1,33,29,072**	**-**	**-**	**1,33,29,072**	**2.12**	**1,33,29,072**	**-**	**1,33,29,072**	**2.12**	**-**	**2.12**	**-**	**-**	**-**	**-**	**1,33,29,072**
	Bodies Corporate		**1**	**1,33,29,072**	**-**	**-**	**1,33,29,072**	**2.12**	**1,33,29,072**	**-**	**1,33,29,072**	**2.12**	**-**	**2.12**	**-**	**-**	**-**	**-**	**1,33,29,072**
	Mys Holdings Private Limited	Promoter Group	1	1,33,29,072	-	-	1,33,29,072	2.12	1,33,29,072	-	1,33,29,072	2.12	-	2.12	-	-	-	-	1,33,29,072
	Sub Total (A)(1)		**5**	**17,77,98,412**	**-**	**-**	**17,77,98,412**	**28.21**	**17,77,98,412**	**-**	**17,77,98,412**	**28.21**	**-**	**28.21**	**-**	**-**	**-**	**-**	**17,77,98,412**
2	**Foreign**																		
(a)	**Individuals (Non-Resident Individuals / Foreign Individuals)**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(b)	**Government**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(c)	**Institutions**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(d)	**Foreign Portfolio Investor**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(e)	**Any Other (Specify)**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Sub Total (A)(2)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Shareholding Of Promoter And Promoter Group (A)= (A)(1)+(A)(2)		**5**	**17,77,98,412**	**-**	**-**	**17,77,98,412**	**28.21**	**17,77,98,412**	**-**	**17,77,98,412**	**28.21**	**-**	**28.21**	**-**	**-**	**-**	**-**	**17,77,98,412**

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

Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

*As informed to Stock Exchanges on 6th October 2021, Mr. Chiranji Lal Agarwal, one of the promoters of the Bank demised on 06th October 2021 and shareholding held by him is continued to be shown under Promoter category in shareholding pattern as the transmission of shares held by him is yet to be completed.

Table III - Statement showing shareholding pattern of the Public shareholder

Sr. No.	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	
								Class eg: X	Class eg: y	Total						
	(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)
1	**Institutions**															
(a)	**Mutual Fund**	**19**	**6,82,88,726**	**-**	**-**	**6,82,88,726**	**10.84**	**6,82,88,726**	**-**	**6,82,88,726**	**10.84**	**-**	**10.84**	**-**	**-**	**6,82,88,726**
	Kotak Flexicap Fund	1	2,88,33,108	-	-	2,88,33,108	4.58	2,88,33,108	-	2,88,33,108	4.58	-	4.58	-	-	2,88,33,108
	Nippon Life India Trustee Ltd-A/C Nippon India Growth Fund	1	1,15,51,737	-	-	1,15,51,737	1.83	1,15,51,737	-	1,15,51,737	1.83	-	1.83	-	-	1,15,51,737
	Motilal Oswal Flexi Cap Fund	1	89,99,450	-	-	89,99,450	1.43	89,99,450	-	89,99,450	1.43	-	1.43	-	-	89,99,450
	Uti Flexi Cap Fund	1	87,23,722	-	-	87,23,722	1.38	87,23,722	-	87,23,722	1.38	-	1.38	-	-	87,23,722
(b)	**Venture Capital Funds**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(c)	**Alternate Investment Funds**	**23**	**2,50,36,197**	**-**	**-**	**2,50,36,197**	**3.97**	**2,50,36,197**	**-**	**2,50,36,197**	**3.97**	**-**	**3.97**	**-**	**-**	**2,50,36,197**
	Westbridge Aif I	1	2,08,79,996	-	-	2,08,79,996	3.31	2,08,79,996	-	2,08,79,996	3.31	-	3.31	-	-	2,08,79,996
(d)	**Foreign Venture Capital Investors**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(e)	**Foreign Portfolio Investor**	**452**	**22,09,90,133**	**-**	**-**	**22,09,90,133**	**35.07**	**22,09,90,133**	**-**	**22,09,90,133**	**35.07**	**-**	**35.07**	**-**	**-**	**22,09,90,133**
	Smallcap World Fund, Inc	1	2,58,66,800	-	-	2,58,66,800	4.10	2,58,66,800	-	2,58,66,800	4.10	-	4.10	-	-	2,58,66,800
	New World Fund Inc	1	2,18,31,952	-	-	2,18,31,952	3.46	2,18,31,952	-	2,18,31,952	3.46	-	3.46	-	-	2,18,31,952
	Nomura India Investment Fund Mother Fund	1	1,55,13,966	-	-	1,55,13,966	2.46	1,55,13,966	-	1,55,13,966	2.46	-	2.46	-	-	1,55,13,966
	St. James's Place Emerging Markets Equity Unit Trust Managed By Wasatch Advisors Inc	1	1,07,07,180	-	-	1,07,07,180	1.70	1,07,07,180	-	1,07,07,180	1.70	-	1.70	-	-	1,07,07,180
	Camas Investments Pte. Ltd.	1	67,31,218	-	-	67,31,218	1.07	67,31,218	-	67,31,218	1.07	-	1.07	-	-	67,31,218
(f)	**Financial Institutions / Banks**	**1**	**214**	**-**	**-**	**214**	**-**	**214**	**-**	**214**	**-**	**-**	**-**	**-**	**-**	**214**
(g)	**Insurance Companies**	**11**	**2,26,98,872**	**-**	**-**	**2,26,98,872**	**3.60**	**2,26,98,872**	**-**	**2,26,98,872**	**3.60**	**-**	**3.60**	**-**	**-**	**2,26,98,872**
	Hdfc Life Insurance Company Limited	1	1,21,07,534	-	-	1,21,07,534	1.92	1,21,07,534	-	1,21,07,534	1.92	-	1.92	-	-	1,21,07,534
(h)	**Provident Funds/ Pension Funds**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(i)	**Any Other (Specify)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Sub Total (B)(1)	**506**	**33,70,14,142**	**-**	**-**	**33,70,14,142**	**53.48**	**33,70,14,142**	**-**	**33,70,14,142**	**53.48**	**-**	**53.48**	**-**	**-**	**33,70,14,142**
2	**Central Government/ State Government(s)/ President of India**															

	Sub Total (B)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3	**Non-Institutions**															
(a)	**Individuals**		**-**	**-**										**-**		
	i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	**1,68,058**	**3,43,91,898**	**-**	**-**	**3,43,91,898**	**5.46**	**3,43,91,898**	**-**	**3,43,91,898**	**5.46**	**-**	**5.46**	**-**	**-**	**3,43,78,285**
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	**235**	**3,33,67,111**	**-**	**-**	**3,33,67,111**	**5.29**	**3,33,67,111**	**-**	**3,33,67,111**	**5.29**	**-**	**5.29**	**-**	**-**	**3,33,67,111**
	Uttam Tibrewal		1,27,31,190	-	-	1,27,31,190	2.02	1,27,31,190	-	1,27,31,190	2.02	-	2.02	-	-	1,27,31,190
(b)	**NBFCs registered with RBI**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Trust Employee	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(d)	**Overseas Depositories(holding DRs) (balancing figure)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(c)	**Any Other (Specify)**	**8,596**	**4,76,14,903**	**-**	**-**	**4,76,14,903**	**7.56**	**4,76,14,903**	**-**	**4,76,14,903**	**7.56**	**-**	**7.56**	**-**	**-**	**4,76,14,878**
	Trusts	**14**	**63,80,394**	**-**	**-**	**63,80,394**	**1.01**	**63,80,394**	**-**	**63,80,394**	**1.01**	**-**	**1.01**	**-**	**-**	**63,80,394**
	Hindu Undivided Family	**3,365**	**7,95,496**	**-**	**-**	**7,95,496**	**0.13**	**7,95,496**	**-**	**7,95,496**	**0.13**	**-**	**0.13**	**-**	**-**	**7,95,496**
	Foreign Companies	**1**	**2,02,08,728**	**-**	**-**	**2,02,08,728**	**3.21**	**2,02,08,728**	**-**	**2,02,08,728**	**3.21**	**-**	**3.21**	**-**	**-**	**2,02,08,728**
	Camas Investments Pte. Ltd.	1	2,02,08,728	-	-	2,02,08,728	3.21	2,02,08,728	-	2,02,08,728	3.21	-	3.21	-	-	2,02,08,728
	Non Resident Indians (NRI)	**3,925**	**46,16,111**	**-**	**-**	**46,16,111**	**0.73**	**46,16,111**	**-**	**46,16,111**	**0.73**	**-**	**0.73**	**-**	**-**	**46,16,111**
	Body Corp-Ltd Liability Partnership	**109**	**22,50,777**	**-**	**-**	**22,50,777**	**0.36**	**22,50,777**	**-**	**22,50,777**	**0.36**	**-**	**0.36**	**-**	**-**	**22,50,777**
	Clearing Member	**87**	**8,86,103**	**-**	**-**	**8,86,103**	**0.14**	**8,86,103**	**-**	**8,86,103**	**0.14**	**-**	**0.14**	**-**	**-**	**8,86,103**
	Bodies Corporate	**1,095**	**1,24,77,294**	**-**	**-**	**1,24,77,294**	**1.98**	**1,24,77,294**	**-**	**1,24,77,294**	**1.98**	**-**	**1.98**	**-**	**-**	**1,24,77,269**
	Motilal Oswal Financial Services Limited	1	65,65,438	-	-	65,65,438	1.04	65,65,438	-	65,65,438	1.04	-	1.04	-	-	65,65,438
	Sub Total (B)(3)	**1,76,889**	**11,53,73,912**	**-**	**-**	**11,53,73,912**	**18.31**	**11,53,73,912**	**-**	**11,53,73,912**	**18.31**	**-**	**18.31**	**-**	**-**	**11,53,60,274**
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	**1,77,395**	**45,23,88,054**	**-**	**-**	**45,23,88,054**	**71.79**	**45,23,88,054**	**-**	**45,23,88,054**	**71.79**	**-**	**71.79**	**-**	**-**	**45,23,74,416**

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %):

Sr. No.	Name of shareholder	Name of PAC	Number of Shares	Percentage of Shareholding by PAC
1	WASATCH ADVISORS, INC	LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM	16,68,096	0.26
2	WASATCH ADVISORS, INC	PRIME SUPER	3,52,090	0.06
3	WASATCH ADVISORS, INC	UPMC BASIC RETIREMENT PLAN MASTER TRUST	99,684	0.02
4	WASATCH ADVISORS, INC	EMPLOYEES RETIREMENT SYSTEM OF THE STATE OF HAWAII	23,21,870	0.37
5	WASATCH ADVISORS, INC	PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO	14,55,214	0.23
6	WASATCH ADVISORS, INC	UNIVERSITY OF WISCONSIN FOUNDATION - WASATCH ADVISORS, INC.	5,33,960	0.08
7	WASATCH ADVISORS, INC	AL MEHWAR COMMERCIAL INVESTMENTS L.L.C. - (WANDA)	33,83,434	0.54
8	WASATCH ADVISORS, INC	ST. JAMES'S PLACE EMERGING MARKETS EQUITY UNIT TRUST MANAGED BY WASATCH ADVISORS INC	1,07,07,180	1.7
9	WASATCH ADVISORS, INC	WASATCH INTERNATIONAL GROWTH FUND	21,05,860	0.33
10	WASATCH ADVISORS, INC	APT-UNIVERSAL-FONDS	3,74,308	0.06
11	WASATCH ADVISORS, INC	WASATCH EMERGING MARKETS SMALL CAP FUND	34,68,124	0.55
12	WASATCH ADVISORS, INC	WASATCH GLOBAL OPPORTUNITIES FUND	10,92,756	0.17
13	WASATCH ADVISORS, INC	COMMONWEALTH OF PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM/GE322-WASATCH ADVISORS INC	27,44,716	0.44
14	WASATCH ADVISORS, INC	WASATCH EMERGING INDIA FUND	46,92,444	0.74

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %):				
Sr. No.	**Name of shareholder**	**Name of PAC**	**Number of Shares**	**Percentage of Shareholding by PAC**
15	WASATCH ADVISORS, INC	UPMC	1,49,528	0.02
16	WASATCH ADVISORS, INC	WASATCH EMERGING MARKETS SELECT FUND	15,21,110	0.24
17	WASATCH ADVISORS, INC	PENSION RESERVES INVESTMENT TRUST FUND - WASTACH	10,51,523	0.17
18	WASATCH ADVISORS, INC	TEACHERS RETIREMENT SYSTEM OF THE STATE OF ILLINOIS - WASATCH ADVISORS	17,28,052	0.27
19	WASATCH ADVISORS, INC	WASATCH ADVISORS, INC.	11,438	0
20	WASATCH ADVISORS, INC	TEXAS MUNICIPAL RETIREMENT SYSTEM	8,87,178	0.14
21	WASATCH ADVISORS, INC	VFMC INTERNATIONAL EQUITY TRUST 1	4,87,620	0.08
22	WASATCH ADVISORS, INC	VFMC INTERNATIONAL EQUITY TRUST 2	6,09,738	0.1
23	WASATCH ADVISORS, INC	COUNSEL GLOBAL SMALL CAP	7,40,560	0.12
24	WASATCH ADVISORS, INC	BUSS (QUEENSLAND) PTY LTD AS TRUSTEE FOR BUSS (QUEENSLAND) POOLED SUPERANNUATION TRUST	1,72,820	0.03

Details of Shares which remain unclaimed may be given hear along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.				
	No. of shareholders			
	NIL			

Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

Sr. No.	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	
								Class eg: X	Class eg: y	Total						
	(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)
1	Custodian/DR Holder	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

B. **List of top 10 holders of equity shares of the Bank as on the latest quarter end, i.e. June 30, 2022:**

Sr. No.	Name of the Shareholder / Particulars	Total Number of equity shares	Total Shareholding as (%) of total number of equity shares.	Number of shares held in Demat Form
1	Sanjay Agarwal	11,35,32,718	18.02	11,35,32,718
2	Wasatch Advisors, Inc. (Including Persons acting in concert)	4,23,59,303	6.72	4,23,59,303
3	Kotak Flexicap Fund	2,88,33,108	4.58	2,88,33,108
4	Camas Investments PTE. Ltd.	2,69,39,946	4.28	2,69,39,946
5	Smallcap World Fund, Inc	2,58,66,800	4.10	2,58,66,800
6	Shakuntala Agarwal	2,36,40,860	3.75	2,36,40,860
7	Jyoti Agarwal	2,36,37,120	3.75	2,36,37,120
8	New World Fund Inc	2,18,31,952	3.46	2,18,31,952
9	Westbridge AIF I	2,08,79,996	3.31	2,08,79,996
10	Nomura India Investment Fund Mother Fund	1,55,13,966	2.46	1,55,13,966

5.13 Following details regarding the directors of the Bank*:

A. Details of the current directors of the Bank:

This table sets out the details regarding the Bank's Board of Directors as on date of the Placement Memorandum:

S. No.	Name of the Directors	Designation	Age	Address	DIN	Date of appointment	Details of other directorship	Whether willful defaulter (Yes/No)
1	Mr. Raj Vikash Verma	Part Time Chairman and Independent Director	67	S-64, First Floor, Greater Kailash-I, New Delhi-110048	03546341	**Director :** 30-01-2018 (First appointment) 30-01-2021 (Re-appointment) **Chairman:** 08-04-2020 (First appointment) 08-04-2021 (Re-appointment)	1.India Mortgage Guarantee Corporation Private Limited 2. Ajivika Finance Limited 3. Encore Asset Reconstruction Company Private Limited 4. SBI Pension Funds Private Limited 5. Sewa Grih Rin Limited	**NO**
2	Mr. Krishan Kant Rathi	Independent Director	60	B-72, Dakshina Park, 7th Floor, NS Road 10, JVPD Scheme, Juhu Mumbai-400049, Maharashtra	00040094	18-03-2008 (First appointment) 30-03-2020 (Re-appointment)	1. Future Consumer Limited 2. First Bridge Fund Managers Private Limited 3. Innefu Labs Private Limited 4. Indianivesh First Bridge Fund Managers Private Limited	**NO**
3	Ms. Jyoti Narang	Independent Director	64	1102, Avaserkar Shrushti, Old Prabhadevi Marg, Mumbai - 400025, Maharashtra	00351187	30-03-2015 (First appointment) 30-03-2020 (Re-appointment)	1. Calderys India Refractories Limited 2. Avanamd Healthcare Private Limited 3. Niraamaya Retreats Private Limited 4. Disha Medical Services Private Limited 5. Heidelberg Cement India limited 6. Edubridge Learning Private Limited 7. EBSC Technologies Private Limited 8. Emeritus Pharma Private Limited	**NO**
4	Mr. Mankal Shankar Sriram	Independent Director	60	Sri Sankara Road No. 3, 4th Main road Chamrajpet Bangalore - 560018, Karnataka	00588922	10/21/2019	1. NDDB Dairy Services 2. IDMC Limited 3. SELCO Solar light Private Limited	**NO**

5	Mr. Pushpinder Singh	Independent Director	68	3270, Sector- 71, S.A.S. Nagar, Mohali - 160071, Punjab	08496066	10/21/2019	NA	**NO**
6	Mr. Kannan Gopalaraghavan Vellur	Independent Director	65	802, Fili Villa 23/1C/32, Near Nandan Prospera Balewadi, Pune City, Pune, 411045	03443982	22-Jan-2020	1. Ageas Federal Life Insurance Company Limited 2. OCM India Opportunities ARC Management Private Limited 3. Aptus Value Housing Finance India Limited	**NO**
7	Mr. Harun Rasid Khan	Independent Director	67	T6/622, Royal Lagoon, Nandan Kanan Road, Bhubaneswar Urban, Odisha-751024	07456806	28-Dec-2021	1. India Mortgage Guarantee Corporation Private Limited 2. NSE Clearing Limited	**NO**
8	Mr. Kamlesh Shivji Vikamsey	Independent Director	61	Kalpataru Habitat, 194-A, Dr S.S.Rao, Parel Mumbai -400012	00059620	25-Apr-2022	1. Navneet Education Limited 2. Tribhovandas Bhimji Zaveri Limited 3. Man Infraconstruction Limited 4. Apcotex Industries Limited	**NO**
9	Mr. Sanjay Agarwal	Managing Director & CEO	51	A 1 gate no 2 Officer Campus Main, Sirsi Road, Vishnu Marg Jaipur - 302012 Rajasthan	00009526	**As per BR Act:** 19-04-2017 (First appointment) 19-04-2020 (Re-appointment) **As per Companies Act** 22-01-2003 (First appointment on the Company) 19-04-2017 (First appointment on the Bank) 19-04-2022 (Re-appointment)	NA	**NO**
10	Mr. Uttam Tibrewal	Whole Time Director	51	F-19, Ram Path near CLC Institute, Shyam Nagar Ext. Sodala, Jaipur 302019	01024940	**As per BR Act:** 19-04-2017 (First appointment) 19-04-2020 (Re-appointment) **As per Companies Act** 22-01-2005 (First appointment on the Company) 19-04-2017 (First appointment on the Bank) 19-04-2022 (Re-appointment)	NA	**NO**

**None of the directors who are appearing in the RBI defaulter list and/or ECGC default list.*

B. **Details of change in directors since last three years:**

Name	Designation	DIN	Date of Appointment	Date of Cessation, if applicable	Date of resignation, if applicable	Remarks
Mr. Kamlesh Shivji Vikamsey	Independent Director	00059620	25th April 2022	NA	NA	Appointed as an Independent Director for a period of 3 years with effect from 25th April 2022, pursuant to the approval of the shareholders through postal ballot on 29th May-2022.
Mr. Sanjay Agarwal	Managing Director & CEO	00009526	19th April 2022 (Date of re- appointment as Managing Director & CEO	NA	NA	Re-appointment of Mr. Sanjay Agarwal, Managing Director & CEO for a period of 4 years with effect from 19th April 2022, pursuant to the approval of the shareholders through postal ballot on 9th March 2022.
Mr. Uttam Tibrewal	Whole Time Director	01024940	19th April 2022 (Date of re- appointment as Whole Time Director)	NA	NA	Re-appointment of Mr. Uttam Tibrewal, Whole Time Director for a period of 4 years with effect from 19th April 2022, pursuant to the approval of the shareholders through postal ballot on 9th March 2022.
Mr. Harun Rasid Khan	Independent Director	07456806	28th December 2021	NA	NA	Appointed as an Independent Director for a period of 3 years with effect from 28th December 2021, pursuant to the approval of the shareholders through postal ballot on 9th March 2022.
Mr. Raj Vikash Verma	Part-Time Chairman	03546341	8th April 2021 (Date of re- appointment as Part-Time Chairman)	NA	NA	Mr. Raj Vikash Verm was Re-appointed as Part-Time Chairman for a period of 2 years with effect from 8th April 2021 pursuant to the approval of the shareholders through postal ballot on 23rd December 2020
Mr. Raj Vikash Verma	Independent Director	03546341	30th January 2021 (Date of re- appointment as Independent Director)	NA	NA	Mr. Raj Vikash Verm was Re-appointed as Independent Director for a period of 3 years with effect from 30th January 2021 pursuant to the approval of the

						shareholders through postal ballot on 4th March 2020
Mr. Narendra Ostawal	Non-executive Director	06530414	26th July 2019	28th October 2020	28th October 2020	Resignation due to his other engagements.
Mr. Raj Vikash Verma	Part-Time Chairman (Independent Director) (Non-Executive)	03546341	8th April 2020	NA	NA	Mr. Raj Vikash Verma was appointed as Part-Time Chairman (Independent Director) (Non-Executive) of the Bank for a period of 1 year effect from 8th April 2020 pursuant to the approval of the shareholders through postal ballot on 4th March 2022
Mr. Sanjay Agarwal	Managing Director & CEO	00009526	19th April 2020 (Date of re- appointment as Managing Director & CEO	NA	NA	Re-appointment of Mr. Sanjay Agarwal, Managing Director & CEO was approved by Reserve Bank of India for a period of 3 years with effect from 19th April 2020
Mr. Uttam Tibrewal	Whole Time Director	01024940	19th April 2020 (Date of re- appointment as Whole Time Director)	NA	NA	Re-appointment of Mr. Uttam Tibrewal, Whole Time Director was approved by Reserve Bank of India for a period of 3 years with effect from 19th April 2020
Ms. Jyoti Narang	Independent Director	00351187	30th March 2020 (Date of re- appointment as Independent Director	NA	NA	Ms. Jyoti Narang was re-appointed as Independent Director for a second term for a period of 3 years with effect from 30th March 2020 pursuant to the approval of the shareholders through postal ballot on 4th March 2022
Mr. Krishan Kant Rathi	Independent Director	00040094	30th March 2020 (Date of re- appointment as Independent Director)	NA	NA	Mr. Krishan Kant Rathi was re-appointed as Independent Director for a second term for a period of 3 years with effect from 30th March 2020 pursuant to the approval of the shareholders through postal ballot on 4th March 2022
Mr. Mannil Venugopalan	Part-Time Chairman (Independent Director) (Non-Executive)	00255575	19th April 2017*	29th March 2020	NA	Vacation of office on account of completion of tenure on 29th March 2020

Mr. Kannan Gopalaraghavan Vellur	Independent Director	03443982	22nd January 2020	NA	NA	Appointed as an Independent Director for a period of 3 years with effect from 22nd January 2020 pursuant to the approval of the shareholders through postal ballot on 21st July 2020
Mr. Pushpinder Singh	Independent Director	08496066	21st October 2019	NA	NA	Appointed as an Independent Director for a period of 3 years with effect from 21st October 2019 pursuant to the approval of the shareholders through postal ballot on 21st July 2020
Mr. Mankal Shankar Sriram	Independent Director	00588922	21st October 2019	NA	NA	Appointed as an Independent Director for a period of 3 years with effect from 21st October 2019, pursuant to the approval of the shareholders through postal ballot on 21st July 2020
Mr. Narendra Ostawal	Non-Executive Director	06530414	26th July 2019	NA	NA	Appointment of Mr. Narendra Ostawal as Non-Executive Director was approved by the shareholders in the Annual General Meeting dated 26th July 2019.

5.14 Following details regarding the auditors of the Bank:

A. **Details of the auditor of the Bank:**

Name of the Auditor	Address	Auditor since	Remarks
Deloitte Haskins and Sells	19th Floor, Shapath-V S.G. Highway Ahmedabad – 380 015 Gujarat, India	17th August 2021	Joint Statutory Auditors
G. M. Kapadia & Co.	1007, Raheja Chambers, 213, Nariman Point, Mumbai - 400021 Maharashtra, India	17th August 2021	

B. **Details of change in auditors since last three years:**

Name of the Auditor	Address	Date of Appointment	Date of cessation, if applicable	Date of resignation, if applicable	Remarks
M/s. S. R. Batliboi & Associates LLP	12th Floor, The Ruby 29 Senapati Bapat Marg, Dadar (West) Mumbai - 400 028, India	27th September 2017	17th August 2021	NA	M/s. S. R. Batliboi & Associates LLP (Firm Registration No. 101049W/E300004) was appointed as the Statutory Auditors for a period of four (4) years by the shareholders of the Bank at the Twenty Second (22nd) Annual General Meeting held on 27th September 2017, to hold office from the conclusion of the 22nd Annual General Meeting till the conclusion of the 26th Annual General Meeting of the Bank, in accordance with the provisions of the Companies Act, 2013.

5.15 Details of the following liabilities of the Bank, as at the latest quarter end i.e. June 30, 2022:

A. **Details of Outstanding Secured Loan Facilities**:

Name of Lender	Type of Facility	Amount Sanctioned (in Rs.)	Principal Amount Outstanding (in Rs.)	Repayment Date/ Schedule	Security
NABARD	Term Loan Refinance	4900000000	98000000	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	3000000000	150000000	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	1500000000	75000000	Half Yearly	List of Receivables

Name of Lender	Type of Facility	Amount Sanctioned (in Rs.)	Principal Amount Outstanding (in Rs.)	Repayment Date/ Schedule	Security
NABARD	Term Loan Refinance	2000000000	100000000	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	2000000000	100000000	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	1500000000	75000000	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	1500000000	75000000	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	3300000000	165000000	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	1000000000	75000000	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	2000000000	150000000	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	2000000000	150000000	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	3000000000	900000000	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	3000000000	900000000	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	4150000000	1245000000	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	2900000000	1160000000	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	1350000000	540000000	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	2000000000	800000000	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	4000000000	1600000000	Half Yearly	List of Receivables
SIDBI	Term Loan Refinance	2000000000	666600000	YEARLY	List of Receivables
SIDBI	Term Loan Refinance	3000000000	1000000000	YEARLY	List of Receivables
SIDBI	Term Loan Refinance	3000000000	167800000	Monthly	List of Receivables
SIDBI	Term Loan Refinance	500000000	42400000	Monthly	List of Receivables
NABARD	Term Loan Refinance	2000000000	1111111112	Half Yearly	List of Receivables
NABARD	Term Loan Refinance	5000000000	1000000000	Half Yearly	List of Receivables
MUDRA	Term Loan Refinance	605000000	165000000	Quarterly	List of Receivables
MUDRA	Term Loan Refinance	320000000	96000000	Quarterly	List of Receivables
SIDBI	Term Loan Refinance	2000000000	498500000	Monthly	List of Receivables
MUDRA	Term Loan Refinance	1200000000	654545450	Quarterly	List of Receivables
NABARD	Term Loan Refinance	5000000000	4090909092	Half Yearly	List of Receivables

Name of Lender	Type of Facility	Amount Sanctioned (in Rs.)	Principal Amount Outstanding (in Rs.)	Repayment Date/ Schedule	Security
MUDRA	Term Loan Refinance	750000000	477272800	Quarterly	List of Receivables
MUDRA	Term Loan Refinance	750000000	500000000	Quarterly	List of Receivables
SIDBI	Term Loan Refinance	5000000000	3182000000	Monthly	List of Receivables
SIDBI	Term Loan Refinance	2999900000	2031900000	Monthly	List of Receivables
SIDBI	Term Loan Refinance	2580000000	2006400000	Monthly	List of Receivables
SIDBI	Term Loan Refinance	2050000000	1698400000	Monthly	List of Receivables
SIDBI	Term Loan Refinance	1500000000	1500000000	Bullet	List of Receivables
SIDBI	Term Loan Refinance	3000000000	2571500000	Monthly	List of Receivables
SIDBI	Term Loan Refinance	1500000000	1500000000	Bullet	List of Receivables
NABARD	Term Loan Refinance	2000000000	2000000000	Quarterly	List of Receivables
MUDRA	Term Loan Refinance	946425000	774425000	Quarterly	List of Receivables
MUDRA	Term Loan Refinance	40000000	32800000	Quarterly	List of Receivables
NABARD	Term Loan Refinance	2500000000	2500000000	Quarterly	List of Receivables
MUDRA	Term Loan Refinance	2305000000	2096000000	Quarterly	List of Receivables
MUDRA	Term Loan Refinance	241425000	221425000	Quarterly	List of Receivables
SIDBI	Term Loan Refinance	2000000000	1833400000	Quarterly	List of Receivables
NHB	Term Loan Refinance	270000000	270000000	Quarterly	List of Receivables
NHB	Term Loan Refinance	630000000	630000000	Quarterly	List of Receivables
NHB	Term Loan Refinance	350000000	350000000	Quarterly	List of Receivables
NHB	Term Loan Refinance	970000000	970000000	Quarterly	List of Receivables
NHB	Term Loan Refinance	1530000000	1530000000	Quarterly	List of Receivables
SIDBI	Term Loan Refinance	1000000000	1000000000	Quarterly	List of Receivables
SIDBI	Term Loan Refinance	500000000	500000000	Monthly	List of Receivables

B. **Details of Outstanding Unsecured Loan Facilities**:

Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date / Schedule
Bank of Maharashtra	Line of Credit	2400000000	2,35,02,82,149	NA
ICICI Bank	Overdraft facility	500000000	-	NA
HDFC Bank	Balance with HDFC No. 0548190000016 (Current Account)	0	44,89,585	NA
HDFC Bank	Balance with HDFC 00542320008842 (Current Account)	0	2,84,066	NA
Utkarsh Small Finance Bank Ltd	Call Money	250000000	250000000	01-Jul-22
Axis Bank Ltd	Call Money	500000000	500000000	01-Jul-22
The south Indian bank Ltd	Call Money	500000000	500000000	01-Jul-22
Suryoday Small Finance Bank Ltd	Call Money	500000000	500000000	01-Jul-22
Utkarsh Small Finance Bank Ltd	Call Money	500000000	500000000	01-Jul-22
Axis Bank Ltd	Call Money	1000000000	1000000000	01-Jul-22
Fincare Small Finance Bank Ltd	Call Money	500000000	500000000	01-Jul-22
State Bank of India	Term Money	1000000000	1000000000	03-Aug-22
State Bank of India	Term Money	1000000000	1000000000	05-Aug-22

C. **Details of Outstanding Non-Convertible Securities**:

Series of Non-Convertible Securities	Tenor / Period of Maturity	Coupon	Amount	Date of allotment	Redemption Date / Schedule	Credit Rating	Secured / Unsecured	Security
Tier II	6 Years 6 months	10.90% per annum	500 Crore	30th November, 2018	30th May, 2025	CRISIL AA & IND AA	Unsecured	Not Applicable

5.16 List of top 10 holders of non-convertible securities in terms of value (in cumulative basis)

Sr. No.	Name of holders of non-convertible securities	Amount (Rs. In Crore)	Percentage (%) of total non-convertible securities outstanding
1.	AZIM PREMJI TRUST	100	20.00%
2.	ADITYA BIRLA SUN LIFE INSURANCE COMPANY LIMITED	75	15.00%
3.	SBI CREDIT RISK FUND	75	15.00%
4.	ICICI PRUDENTIAL BALANCED ADVANTAGE FUND	50	10.00%
5.	ICICI PRUDENTIAL EQUITY & DEBT FUND	50	10.00%
6.	AXIS BANK LIMITED	50	10.00%
7.	ICICI PRUDENTIAL ALL SEASONS BOND FUND	25	5.00%
8.	FUTURE GENERALI INDIA INSURANCE CO LTD	15	3.00%
9.	FUTURE GENERALI INDIA LIFE INSURANCE CO. LTD-SHAREHOLDERS / NON UNIT LINKED	5	1.00%
10.	FUTURE GENERALI INDIA LIFE INSURANCE COMPANY LIMITED-ULIF002180708FUTUINCOME133	4.2	0.84%

5.17 Details of outstanding Commercial Paper as at the end of the last quarter in the following format: NA

Sr. No.	ISIN of Commercial Paper	Maturity Date	Amount outstanding
N.A.	N.A.	N.A.	N.A.

5.18 Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares): NA

Name of Party (in case of facility) / Name of Instrument	Type of facility / Instrument	Amount sanctioned / issued	Principal Amount outstanding	Date of Repayment / Schedule	Credit Rating	Secured / Unsecured	Security
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

5.19 Details of any outstanding borrowing taken / debt securities issued for consideration other than cash. This information shall be disclosed whether such borrowing / debt securities have been taken / issued: (i) in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option or not

Nil

5.20 Where the Issuer is a non-banking finance company or housing finance company, the following disclosures on Asset Liability Management (ALM) shall be provided for the latest audited financials:

Not applicable given that the Bank is not a non-banking financial company or housing finance company.

A. Details with regard to lending done out of the issue proceeds of earlier issuances of debt securities (whether public issue or private placement) by NBFC
A. **Lending Policy: Should contain overview of origination, risk management, monitoring and collections:** N.A. B. **Classification of Loans given to associate or entities related to Board, Senior management, promoters, etc.:** N.A. C. **Classification of loans according to type of loans, denomination of loan outstanding by loan to value, sectors, denomination of loans outstanding by ticket size, geographical classification of borrowers, maturity profile etc.:** N.A. D. **Aggregated exposure to the top 20 borrowers with respect to the concentration of advances, exposures to be disclosed in the manner as prescribed by RBI in its stipulations on Corporate Governance for NBFCs or HFCs, from time to time:** N.A. E. **Details of loans, overdue and classified as non-performing assets (NPA) in accordance with RBI stipulations:** N.A.
B. Details of borrowings made by NBFC
(a) **A portfolio summary with regard to industries/ sectors to which borrowings have been made:** N.A. (b) **NPA exposures of the Issuer for the last three financial years (both gross and net exposures) and provisioning made for the same as per the last audited financial statements of the Issuer:** N.A. (c) **Quantum and percentage of secured vis-à-vis unsecured borrowings made; and** N.A.
C. **Details of change in shareholding**
(a) Any change in promoters' holdings during the last financial year beyond the threshold, as prescribed by RBI:

N.A.

D. Disclosure of Assets Under Management

(a) Segment wise breakup:

N.A.

(b) Type of Loans

N.A.

E. Details of borrowers

(a) Geographical location wise

N.A.

F. Details of Gross NPA

(a) Segment wise:

N.A.

G. Details of Assets and Liabilities

(a) Residual maturity profile wise into several bucket:

N.A.

H. Additional details of loans made by housing finance company

N.A.

I. Disclosure of latest ALM statements to stock exchange

N.A.

J. Classification of loans according to

(a) Type of Loans:

Details of types of loans

Sl. No.	Types of loans	Rs. crore
1	Secured	N.A.
2	Unsecured	N.A.
	Total assets under management (AUM)^^	N.A.

**Information required at borrower level (and not by loan account as customer may have multiple loan accounts); ^^Issuer is also required to disclose off balance sheet items;*

(b) Denomination of loans outstanding by loan-to-value:

Details of LTV

Sl. No.	LTV (at the time of origination)	Percentage of AUM
1	Upto 40%	N.A.
2	40-50%	N.A.

3	50-60%	N.A.
4	60-70%	N.A.
5	70-80%	N.A.
6	80-90%	N.A.
7	>90%	N.A.
	Total	N.A.

(c) Sector Exposure

Details of sectoral exposure

Sl. No.	Segment-wise break-up of AUM	Percentage of AUM
1	**Retail**	N.A.
A	Mortgages (home loans and loans against property)	N.A.
B	Gold loans	N.A.
C	Vehicle finance	N.A.
D	MFI	N.A.
E	MSME	N.A.
F	Capital market funding (loans against shares, margin funding)	N.A.
G	Others	N.A.
2	**Wholesale**	N.A.
A	Infrastructure	N.A.
B	Real estate (including builder loans)	N.A.
C	Promoter funding	N.A.
D	Any other sector (as applicable)	N.A.
E	Others	N.A.
	Total	N.A.

(d) Denomination of loans outstanding by ticket size*:

Details of outstanding loans category wise

Sl. No.	Ticket size (at the time of origination)	Percentage of AUM
1	Upto Rs. 2 lakh	N.A.
2	Rs. 2-5 lakh	N.A.
3	Rs. 5 - 10 lakh	N.A.
4	Rs. 10 - 25 lakh	N.A.
5	Rs. 25 - 50 lakh	N.A.
6	Rs. 50 lakh - 1 crore	N.A.
7	Rs. 1 - 5 crore	N.A.
8	Rs. 5 - 25 crore	N.A.
9	Rs. 25 - 100 crore	N.A.
10	>Rs. 100 crore	N.A.
	Total	N.A.

** Information required at the borrower level (and not by loan account as a customer may have multiple loan accounts);*

(e) Geographical classification of borrowers:

Top 5 states borrower wise

Sl. No.	Top 5 states	Percentage of AUM
1		N.A.
2		N.A.
3		N.A.
4		N.A.
5		N.A.

	Total	N.A.

K. Details of loans, overdue and classified as non-performing assets (NPA) in accordance with RBI stipulations

(a) Movement of Gross NPA

Movement of gross NPA*	**Rs. crore**
Opening gross NPA	N.A.
- Additions during the year	N.A.
- Reductions during the year	N.A.
Closing balance of gross NPA	N.A.

**Please indicate the gross NPA recognition policy (Day's Past Due)*

(b) Movement of provisions for NPA

Movement of provisions for NPA	**Rs. crore**
Opening balance	N.A.
- Provisions made during the year	N.A.
- Write-off/ write-back of excess provisions	N.A.
Closing balance	N.A.

(c) Segment wise gross NPA

Sl. No.	**Segment-wise gross NPA**	**Gross NPA (%)**
1	**Retail**	N.A.
A	Mortgages (home loans and loans against property)	N.A.
B	Gold loans	N.A.
C	Vehicle finance	N.A.
D	MFI	N.A.
E	MSME	N.A.
F	Capital market funding (loans against shares, margin funding)	N.A.
G	Others	N.A.
2	**Wholesale**	N.A.
A	Infrastructure	N.A.
B	Real estate (including builder loans)	N.A.
C	Promoter funding	N.A.
D	Any other sector (as applicable)	N.A.
E	Others	N.A.
	Total	N.A.

L. Residual maturity profile of assets and liabilities (in line with the RBI format):

Residual maturity profile of assets and liabilities

Category	**Up to 30 / 31 days**	**>1 months – 2 months**	**>2 months – 3 months**	**>3 months – 6 months**	**>6 months – 1 year**	**>1 years – 3 years**	**>3 years – 5 years**	**> 5 years**	**Total**
Deposit	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Advances	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Investments	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Borrowings	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
FCA*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
FCL*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

**FCA – Foreign Currency Assets; FCL – Foreign Currency Liabilities;*

5.21 Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Issuer, in the past 3 years including the current financial year:

Nil

5.22 Details of Promoters of the Bank:

A. **Details of Promoter Holding in Bank as on latest quarter end, i.e. June 30, 2022:**

S. No	Name of Shareholders	Total No. of Equity shares	No. of shares held in Demat form	Total Shareholding as % of total no. of equity shares	No of shares Pledged	% of shares pledged with respect to shares owned
1	Sanjay Agarwal	11,35,32,718	11,35,32,718	18.02	-	-
2	Shakuntala Agarwal	2,36,40,860	2,36,40,860	3.75	-	-
3	Jyoti Agarwal	2,36,37,120	2,36,37,120	3.75	-	-
4	Late Chiranji Lal Agarwal	36,58,642	36,58,642	0.58	-	-
	Total	**16,44,69,340**	**16,44,69,340**	**26.10**	-	-

*Mr. Chiranjilal Agarwal was deceased on 6th October 2021 and transmission of his shares are yet to be completed.

5.23 A columnar representation of the audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of three completed years which shall not be more than six months old from the date of the draft offer document or offer document or issue opening date, as applicable

Balance Sheet

			(₹ In Crores)
Particulars	**As at March 31, 2022**	**As at March 31, 2021**	**As at March 31, 2020**
CAPITAL & LIABILITIES			
Capital	314.90	312.21	304.12
Employees stock options outstanding	41.33	103.12	52.12
Reserves & Surplus	7,157.78	5,859.89	4,020.57
Deposits	52,584.62	35,979.31	26,163.93
Borrowings	5,990.78	7,029.70	10,335.32
Other Liabilities and Provisions	2,988.39	2,307.08	1,267.01
Total	**69,077.80**	**51,591.31**	**42,143.07**
ASSETS			
Cash and Balances with Reserve Bank of India	2,468.41	1,569.35	1,049.64
Balances with banks and Money at Call and Short Notice	3,460.11	3,211.99	2,320.04
Investments	15,306.50	10,815.41	10,668.22
Advances	46,095.26	34,608.91	26,992.42
Fixed Assets	622.57	482.37	448.00
Other Assets	1,124.95	903.28	664.75
Total	**69,077.80**	**51,591.31**	**42,143.07**
Contingent Liabilities	2,107.61	1,220.84	1,360.05
Bills for Collection	-	-	-

Profit and Loss Account

(₹ In Crores)

Particulars	**Year Ended March 31, 2022**	**Year Ended March 31, 2021**	**Year Ended March 31, 2020**
Income			
Interest Earned	5,921.73	4,950.05	4,285.89
Other Income	993.69	1,420.93	706.09
Total Income	**6,915.42**	**6,370.98**	**4,991.97**
Expenditure			
Interest	2,687.61	2,584.61	2,376.94
Operating expenses	2,412.77	1,658.43	1,417.86
Provisions & contingencies	685.21	957.26	522.39
Total Expenditure	**5,785.59**	**5,200.30**	**4,317.19**
PROFIT/LOSS			
Net profit/ (loss) for the year	**1,129.83**	**1,170.68**	**674.78**
	2,691.11	1,887.32	1,572.03

Add: Balance in Profit/Loss Account brought forward from previous year			
Total	**3,820.94**	**3,058.00**	**2,246.81**
APPROPRIATIONS			
Transfer to Statutory Reserves	282.46	292.67	168.70
Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	117.30	77.00	67.00
Transfer to Capital Reserve	18.52	28.87	6.93
Transfer to / (from) Investment Fluctuation Reserve	20.24	-31.65	90.43
Dividend paid	-	-	26.44
Balance carried over to Balance Sheet	3,382.42	2,691.11	1,887.31
Total	**3,820.94**	**3,058.00**	**2,246.81**
EARNING PER SHARE			
Basic (₹)	36.06	38.19	22.78
Diluted (₹)	35.69	37.86	22.32
Nominal value per share (₹)	10.00	10.00	10.00

Cash Flow Statement

(₹ In Crores)

Particulars	**Year ended 31.03.2022**	**Year ended 31.03.2021**	**Year ended 31.03.2020**
Cash Flow From Operating Activities			
Profit after tax	**1,129.83**	**1,170.68**	**674.78**
Add: Provision for tax	324.24	287.82	239.19
Profit Before Taxes	**1,454.07**	**1,458.50**	**913.97**
Adjustments for :-			
Employee Stock Options Expense	18.48	76.79	23.74
Depreciation on Bank's Property	140.17	104.37	88.62
Amortization of Premium on HTM (Held to maturity) Investments	76.63	35.65	23.58
Provision for Employee Benefits	9.13	-8.82	18.91
Provision for Non Performing Assets, Standard Assets and Other Provisions	360.50	568.29	231.39
Loss on sale of Fixed Assets	0.64	0.93	1.11
Operating profit before working capital changes	**2,059.62**	**2,235.71**	**1,301.32**
Movement in working capital			
Decrease / (Increase) in Investments (other than HTM Investments)	-95.36	636.62	-2,353.33
Decrease / (Increase) in Advances	-11,432.51	-8,123.39	-4,238.53
Decrease / (Increase) in Other Assets	-180.10	-178.61	-179.86
(Decrease) / Increase in Deposits	16,605.31	9,815.39	6,741.49
(Decrease) / Increase in Other Liabilities and Provisions	276.88	984.71	-342.60

Particulars	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2020
Cash Flow from Operating Activities	**7,233.84**	**5,370.43**	**928.49**
Direct Taxes Paid (Net of refunds)	-384.86	-314.33	-268.92
Net Cash Flow from Operating Activities (A)	**6,848.98**	**5,056.10**	**659.57**
Cash Flow used in Investing Activities			
Purchase of Fixed Assets	-282.49	-141.23	-92.20
Proceeds from Sale of Fixed Assets	1.48	1.56	1.50
Investments in HTM securities (Net)	-4,472.36	-850.07	-1,176.75
Net cash flow used in Investing Activities (B)	**-4,753.37**	**-989.74**	**-1,267.45**
Cash Flow used in Financing Activities			
Proceeds from /(Repayment of) borrowings (Net)	-1,038.92	-3,305.63	1,721.96
Money received on exercise of Stock Options / Issue of Shares	90.48	657.98	545.72
Share Issue Expenses	-	-7.05	-3.88
Dividend paid (includes tax on dividend)	-	-	-26.44
Net cash flow (used in) / from Financing Activities (C)	**-948.44**	**-2,654.70**	**2,237.36**
Net Increase / (Decrease) in Cash And Cash Equivalents (A + B + C)	**1,147.18**	**1,411.66**	**1,629.49**
Cash And Cash Equivalents as at April 1st	4,781.34	3,369.68	1,740.19
Cash And Cash Equivalents as at the year end	**5,928.52**	**4,781.34**	**3,369.68**

The above financial statements shall be accompanied with the Auditor's Report along with the requisite schedules, footnotes, summary etc.

Please refer to **Annexure V** of this Placement Memorandum**.**

5.24 Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc.) at the time of Issue which may affect the Issue or the investor's decision to invest / continue to invest in the debt securities.

The Issuer hereby declares that there has been no material event, development or change on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc.) at the time of issue, which may affect the Issue or the Investor's decision to invest/ continue to invest in the debt securities of the Issuer.

5.25 Any litigation or legal action pending or taken by a Government Department or a statutory body during the last three years immediately preceding the year of the issue of prospectus against the promoter of the Bank;

NIL

5.26 Details of default and non-payment of statutory dues

NIL

5.27 The name(s) of the debentures trustee(s) shall be mentioned with statement to the effect that debenture trustee(s) has given its consent for appointment along with copy of the consent letter from the debenture trustee.

The Debenture Trustee of the proposed Debentures is Catalyst Trusteeship Limited. Catalyst Trusteeship Limited has given its written consent for its appointment as debenture trustee to the Issue and inclusion of its name in the form and context in which it appears in this Placement Memorandum and in all the subsequent periodical communications sent to the Debenture Holders. The consent letter from Debenture Trustee is provided in **Annexure III** of this Placement Memorandum.

5.28 Details of credit rating along with reference to the rating letter issued (not older than one month on the date of opening of the issue) by the rating agencies in relation to the issue.

The Rating Agencies have assigned a rating of "CRISIL AA / Stable" (pronounced as "CRISIL Double A" with 'Stable' outlook) and a rating of "CARE AA / Stable" (pronounced as "CARE Double A" with 'Stable' outlook) respectively to the Debentures. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The rating letters from the Rating Agencies, the rating rationales from the Rating Agencies and the detailed press release is provided in **Annexure II** of this Placement Memorandum.

5.29 If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.

Not applicable, as the Debentures are unsecured and subordinated in nature.

5.30 Disclosure of Cash flow with date of interest/dividend/ redemption payment as per day count convention

A. The day count convention for dates on which the payments in relation to the non-convertible securities which need to be made: Actual / Actual. Please also refer to the column on "*Business Day Convention*" under Section 5.37 (*Issue Details*) of this Placement Memorandum;

B. Procedure and time schedule for allotment and issue of securities: Please refer to the column on "*Issue Timing*" under Section 5.37 (*Issue Details*) of this Placement Memorandum; and

C. Cash flows emanating from the non-convertible securities shall be mentioned in the Placement Memorandum, by way of an illustration: The cashflows emanating from the Debentures, by way of an illustration, are set out under **Annexure VI** (*Illustration of Bond Cashflows*) of this Placement Memorandum.

5.31 Name(s) of the stock exchange(s) where the non-convertible securities are proposed to be listed and the details of their in-principle approval for listing obtained from these stock exchange(s):

The Debentures are proposed to be listed on the WDM segment of the BSE. The Issuer shall comply with the requirements of the listing agreement for debt securities to the extent applicable to it on a continuous basis.

The Issuer has obtained the in-principle approval for the listing of the Debentures from BSE and the same is annexed in **Annexure IX** of this Placement Memorandum. The Issuer shall also be creating the recovery expense fund as per the applicable SEBI regulations with BSE.

5.32 Other details:

A. **Creation of Debenture Redemption Reserve** ("**DRR**") – **relevant legislations and applicability:**

As per Section 71 of the Act, any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. However, under the Companies (Share Capital and Debentures) Rules, 2014, banks are exempt from this requirement in respect of privately placed debentures. Pursuant to this exemption, the Bank does not intend to create any reserve funds for the redemption of the Debentures.

B. **Issue / instrument specific regulations - relevant details (Companies Act, Reserve Bank of India guidelines etc.):**

The Issue of Debentures shall be in conformity with the applicable provisions of the Companies Act including the relevant notified rules thereunder, the SEBI Debt Listing Regulations, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and the New Capital Adequacy Framework.

C. **Default in payment**: Please refer to the column on "Default Interest Rate" under Section 5.37 (*Issue Details*) of this Placement Memorandum and Section 7.5 (*Consequences of Event of Default*) of SECTION 7: of the Placement Memorandum, setting out the consequences pursuant to any default in payment of Debentures

D. **Delay in listing**: Please refer to the column on "*Listing (name of stock Exchange(s) where it will be listed and timeline for listing)*" under Section 5.37 (*Issue Details*) of this Placement Memorandum, setting out the consequences pursuant to any delay in listing of Debentures

E. **Delay in allotment of securities**: Any delay in allotment of securities from 2 (Two) Business Days from the Deemed Date of Allotment shall be an "Event of Default" under the terms of the Transaction Documents and the consequences set out under Section 7.5 (*Consequences of Event of Default*) of SECTION 7: of the Placement Memorandum shall trigger.

F. **Issue details**: Please refer to Section 5.37 (*Issue Details*) of this Placement Memorandum

G. **Application process:**

The application process for the Issue is as provided in SECTION 8: of this Placement Memorandum.

H. **Disclosure prescribed under PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 but not contained in this schedule, if any**:

All disclosures under Form No. PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 have been set out in SECTION 10: of this Placement Memorandum.

I. **Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project**:

Not applicable

5.33 A statement containing particulars of the dates of, and parties to all material contracts, agreements:

The following contracts, not being contracts entered into in the ordinary course of business carried on by the Bank or entered into more than 2 (Two) years before the date of this Placement Memorandum, which are or may be deemed material, have been entered into by the Bank.

The contracts and documents referred to hereunder are material to the Issue, may be inspected at the Registered Office of the Bank between 10.00 am to 4.00 pm on working days.

S. No.	Nature of Contract
1	Certified true copy of the Memorandum & Articles of Association of the Issuer.
2	Board Resolution dated July 29, 2022 authorizing the issue of Debentures offered under terms of this Placement Memorandum.
3	Shareholder Resolution dated 17th August 2021 authorizing the issue of non-convertible debentures by the Bank.
4	Shareholder Resolution dated 26th July 2019 authorizing the borrowing by the Bank.
5	Copies of Annual Reports of the Bank for the last three financial years.
6	Credit rating letters and rating rationales issued from the Rating Agencies: **CARE Ratings Limited**: (i) Credit rating letters dated July 26, 2022; and (ii) Rating rationale along with detailed press releases dated July 27, 2022. **CRISIL Ratings Limited:** (i) Credit rating letters dated July 28, 2022; and (ii) Rating rationale along with detailed press releases dated July 28, 2022.
7	Letter from Catalyst Trusteeship Limited dated July 25, 2022 giving its consent to act as Debenture Trustee.
8	Letter for Register and Transfer Agent.

9	Certified true copy of the certificate of incorporation of the Bank.
10	Certified true copy of the tripartite agreement between the Bank, the Registrar & Transfer Agent and NSDL and CDSL.
11	Copy of application made to BSE for grant of in-principle approval for listing of Debentures

5.34 Details of Debt Securities Sought to be Issued

Under the purview of the current document, the Issuer intends to raise an amount of up to Rs. 600,00,00,000/- (Rupees Six Hundred Crores only) by issue of Unsecured Rated Listed Redeemable Subordinated, Non-Convertible Lower Tier II Bonds in the form of Non-Convertible Debentures, on a private placement basis vide Series I Debentures, Series II Debentures and Series III Debentures. For further details of the Debentures, please refer to the terms and conditions of the debentures set out in Section 5.37 (*Issue Details*) of this Placement Memorandum.

5.35 Issue Size

The aggregate issue size for the Debentures is upto Rs. 600,00,00,000/- (Rupees Six Hundred Crores only) vide Series I Debentures, Series II Debentures and Series III Debentures.

5.36 Utilization of the Issue Proceeds

The proceeds shall be used for the purpose as set out in the column of "*Details of the utilization of the Proceeds*" under Section 5.37 (*Issue Details*) of this Placement Memorandum.

The Issuer undertakes that the proceeds of this Issue shall be used for the deployment of funds on its own balance sheet and not to facilitate resource requests of its group entities/parent company/associates.

5.37 Issue Details

Security Name (*Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year*)	**Series I Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series II Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series III Debentures** **9.30% AU Small Finance Bank Limited 2032**
Issuer	AU Small Finance Bank Limited		
Type of Instrument	Unsecured Rated Listed Redeemable Subordinated Non-Convertible Lower Tier II Bonds in the form of Non-Convertible Debentures.		
Nature of Instrument (Secured or Unsecured)	Unsecured.		
Seniority (Senior or subordinated)	The Debentures shall be: (a) senior to the claims of the investors in instruments eligible for inclusion in Tier I capital and Upper Tier II Capital of the Bank; and		

Security Name (***Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year***)	**Series I Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series II Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series III Debentures** **9.30% AU Small Finance Bank Limited 2032**
	(b) subject to paragraph (a) above, subordinated to the claims of the other creditors of the Bank but shall rank *pari passu* with the other Lower Tier II instruments of the Bank (whether present or future).		
Mode of Issue	Private placement		
Eligible/Identified Investors	As provided in S.no 25 of Part A (*Disclosures*) of this Placement Memorandum.		
Listing (name of stock Exchange(s) where it will be listed and timeline for listing)	The Debentures are to be listed on the WDM segment of the BSE within a maximum period of 4 (Four) working days from the date of closing of the Issue. In the event of the Issuer's failure to do so, to the extent that any Debenture Holders are Foreign Institutional Investors or sub-accounts of Foreign Institutional Investors or Foreign Portfolio Investors or Qualified Foreign Investors, the Issuer shall immediately redeem any and all Debentures which are held by such Foreign Institutional Investors Investor(s) or such sub-account(s) of Foreign Institutional Investor(s) or Foreign Portfolio Investors or Qualified Foreign Investors. In accordance with the SEBI Debt Listing Regulations, in case of delay by the Bank in listing of the Debentures beyond 4 (Four) working days from the date of closing of the Issue, the Bank shall (i) make payment to the Debenture Holders of 1% (One Percent) p.a. over the Coupon Rate for the period of delay i.e. from the Deemed Date of Allotment till the listing of such Debentures; and (ii) be permitted to utilise the issue proceeds of its subsequent two privately placed issuances of securities only after having received final listing approval from BSE in respect of the listing of Debentures.		
Rating of the Instrument	For Series I Debentures: CRISIL AA / Stable" (pronounced as "CRISIL Double A" with 'Stable' outlook) by CRISIL Ratings Limited and "CARE AA / Stable" (pronounced as "CARE Double A" with 'Stable' outlook) by CARE Ratings Limited. For Series II Debentures: CRISIL AA / Stable" (pronounced as "CRISIL Double A" with 'Stable' outlook) by CRISIL Ratings Limited and "CARE AA / Stable" (pronounced as "CARE Double A" with 'Stable' outlook) by CARE Ratings Limited. For Series III Debentures: CRISIL AA / Stable" (pronounced as "CRISIL Double A" with 'Stable' outlook) by CRISIL Ratings Limited and "CARE AA / Stable" (pronounced as "CARE Double A" with 'Stable' outlook) by CARE Ratings Limited.		

Security Name (***Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year***)	**Series I Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series II Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series III Debentures** **9.30% AU Small Finance Bank Limited 2032**
Issue Size	Issue of up to 250 (Two Hundred and Fifty) Rated Listed Unsecured Redeemable Subordinated Lower Tier II Bonds in the form of Non-Convertible Series I Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating up to Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores only), with an option to retain additional subscription/ green shoe option of Rs. 200,00,00,000/- (Rupees Two Hundred Crores only) ("**Series I Debentures**"); and Issue of up to 100 (One Hundred) Rated Listed Unsecured Redeemable Subordinated Lower Tier II Bonds in the form of Non-Convertible Series II Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crores only) ("**Series II Debentures**"); and Issue of up to 50 (Fifty) Rated Listed Unsecured Redeemable Subordinated Lower Tier II Bonds in the form of Non-Convertible Series III Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating up to Rs. 50,00,00,000/- (Rupees Fifty Crores only) ("**Series III Debentures**"), collectively aggregating upto Rs. 600,00,00,000/- (Rupees Six Hundred Crores only), in dematerialised form, on a private placement basis (collectively the "**Issue**") (Series I Debentures, Series II Debentures and Series III Debentures shall be collectively referred to as the "**Debentures**").		
Minimum subscription	Rs. 1,00,00,000/- (Rupees One Crore only) and in multiples of Rs. 1,00,00,000 (Rupees One crore only) thereafter. i.e. 1 (One) Debenture and in multiple of 1 (One) Debenture thereafter. It is clarified that the potential Eligible Investor shall not be entitled to purchase a fraction of a Debenture.		
Option to retain oversubscription (Amount)	Series I Debentures with an option to retain additional subscription/ green shoe option of Rs. 200,00,00,000/- (Rupees Two Hundred crore only)		
Objects of the Issue/ Purpose for which there is requirement of funds	To raise senior secured debt to the extent of up to Rs. 600,00,00,000/- (Rupees Six Hundred Crores only) by issue of Series I Debentures, Series II Debentures and Series III Debentures and the proceeds of the Issue will be utilised towards augmenting Tier II Capital of the Issuer for strengthening its capital adequacy and for enhancing its long term resources.		
Details of the utilization of the	100% (One Hundred Percent) of the proceeds of the Issuer will be		

Security Name (***Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year***)	**Series I Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series II Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series III Debentures** **9.30% AU Small Finance Bank Limited 2032**
Proceeds	utilized for regular business activities of the Issuer.		
Coupon Rate	In respect of each Series of Debentures shall mean, 9.30% (Nine Decimal Point Three Zero Percent) per annum, payable annually until the Maturity Date, subject to a Call Option or such other date on which the Debentures are redeemed.		
Step Up / Step Down Coupon Rate	N.A.		
Coupon Payment Frequency	Annually with the final Coupon Payment Date being the Maturity Date.		
Coupon Payment Dates (cumulative / non-cumulative, in case of dividend)	The Coupon shall be payable annually on August 3 of every calendar year until the Maturity Date with the final Coupon Payment Date being the Maturity Date (subject to adjustments on account of day count convention in accordance with the SEBI Debt Listing Regulations).		
Coupon Type (Fixed, floating or other structure)	Fixed		
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	N.A.		
Day Count Basis (Actual / Actual)	Actual/Actual		
Interest on Application Money	At the Coupon Rate i.e. 9.30% (Nine Decimal Point Three Zero Percent) per annum (subject to deduction of tax at source, as applicable) from the date of realization of cheque (s)/ demand draft(s)/ e-payment up to 1 (One) day prior to the Deemed Date of Allotment. The interest on application monies shall be paid by the Bank to the Debenture Holders within 7 (Seven) Business Days from the Deemed Date of Allotment.		
Default Interest Rate	In case of default in payment of the principal amounts or the Coupon on the relevant Due Dates, the Issuer shall pay an additional interest at 2% (Two Percent) over and above the applicable Coupon Rate on the outstanding principal amount of the Debentures, calculated from the date of the occurrence of such default until such default is cured or the Debentures are redeemed pursuant to such default, as applicable.		
Delay Penalty	In the case of a delay in the execution of Debenture Trust Deed, the Issuer shall refund the subscription with the agreed rate of interest or shall pay penal interest of 2% (Two Percent) per annum over the and above the applicable Coupon Rate until such time the conditions have been complied with at the option of the Investor.		

Security Name (***Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year***)	**Series I Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series II Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series III Debentures** **9.30% AU Small Finance Bank Limited 2032**
Tenor			

Series	**Tenor**
Series I Debentures	120 (One Hundred and Twenty) months from the Deemed Date of Allotment (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations)
Series II Debentures	120 (One Hundred and Twenty) months and 10 (Ten) calendar days from the Deemed Date of Allotment (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations).
Series III Debentures	120 (One Hundred and Twenty) months and 20 (Twenty) calendar days from the Deemed Date of Allotment (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations).

Redemption Date / Maturity Date

Series	**Redemption Date / Maturity Date**
Series I Debentures	The principal amount of the Series I Debentures shall be payable by the Bank on August 3, 2032 being the date falling on the expiry of 120 (One Hundred and Twenty) months from the Deemed Date of Allotment (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations), as set out in detail in **Annexure VI** (*Illustration of Bond Cashflows*) of this Placement Memorandum.
Series II Debentures	The principal amount of the Series II Debentures shall be payable by the Bank on August 13, 2032 being the date falling on the expiry of 120 (One Hundred and Twenty) months and 10 (Ten) calendar days from the Deemed Date of Allotment (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations), as set out in detail in **Annexure VI** (*Illustration of Bond Cashflows*) of this Placement Memorandum.

Security Name (***Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year***)	**Series I Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series II Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series III Debentures** **9.30% AU Small Finance Bank Limited 2032**
	Series III Debentures	The principal amount of the Series III Debentures shall be payable by the Bank on August 23, 2032 being the date falling on the expiry of 120 (One Hundred and Twenty) months and 20 (Twenty) calendar days from the Deemed Date of Allotment (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations), as set out in detail in **Annexure VI** (*Illustration of Bond Cashflows*) of this Placement Memorandum.	
Redemption Amount	**Series**	**Redemption Amount**	
	Series I Debentures	Rs. 1,00,00,000/- (Rs. One Crore only) per Series I Debenture on the Series I Maturity Date plus accrued Coupon and default interest (if any) in the manner set out in **Annexure VI** (*Illustration of Bond Cash Flows*) of this Placement Memorandum.	
	Series II Debentures	Rs. 1,00,00,000/- (Rs. One Crore only) per Series II Debenture on the Series II Maturity Date plus accrued Coupon and default interest (if any) in the manner set out in **Annexure VI** (*Illustration of Bond Cash Flows*) of this Placement Memorandum.	
	Series III Debentures	Rs. 1,00,00,000/- (Rs. One Crore only) per Series III Debenture on the Series III Maturity Date plus accrued Coupon and default interest (if any) in the manner set out in **Annexure VI** (*Illustration of Bond Cash Flows*) of this Placement Memorandum.	

Security Name (***Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year***)	**Series I Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series II Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series III Debentures** **9.30% AU Small Finance Bank Limited 2032**
Redemption Premium/ Discount	N.A.		
Issue Price	At par, Rs. 1,00,00,000/- (Rs. One Crore only) per Debenture		
Discount at which security is issued and the effective yield as a result of such discount	N.A.		
Put Option Date	N.A.		
Put Option Price	N.A.		
Call Option Date	Shall mean any date falling after the expiry of 60 (Sixty) months from the Deemed Date of Allotment for each Series of Debentures and shall be subject to receipt of regulatory approvals by the Bank including the approval required from the Reserve Bank of India in this respect.		
Call Option Price	In respect of each Series of Debentures, the amounts equivalent to the face value of all the Debentures and accrued Coupon, due and payable as on the date of the Call Option Notice.		
Put Notification Time (Timelines by which the investor need to intimate Issuer before exercising the put)	N.A.		
Call Notification Time (Timelines by which the Issuer need to intimate investor before exercising the call)	(a) The Bank shall send a notice to the Debenture Holder(s) in writing (with a copy marked to the Debenture Trustee) at least 21 (Twenty One) calendar days prior to the Call Option Date, communicating either (a) the intent of the Bank to exercise the Call Option on the Call Option Date or (b) the intent of the Bank not to exercise the Call Option on the Call Option Date ("**Call Option Notice**"). (b) The Bank shall, to the extent required by Applicable Law(s), also provide a copy of the Call Option Notice to BSE and shall, to the extent required by Applicable Law(s), publish the Call Option Notice in an English national daily and regional daily having wide circulation at the place where the registered office of the Bank is situated, indicating the details of such rights, including the Call Option Date, and whether the Bank intends to or does not intend to, exercise the Call Option on the Call Option Date. (c) Upon the issuance of the Call Option Notice by the Bank and if the Bank has in the Call Option Notice indicated its intention to exercise the Call Option on the Call Option Date, the Bank shall on the Call Option Date, redeem the Debentures by		

Security Name (***Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year***)	**Series I Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series II Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series III Debentures** **9.30% AU Small Finance Bank Limited 2032**
	crediting to the beneficiary account of the Debenture Holder(s), the Redemption Amount in respect of the Debentures. (d) The Bank shall also pay interest at the rate of 15% (Fifteen Percent) per annum for the period of delay in making payment of the Redemption Amount on the Call Option Date if the Bank has exercised its Call Option and any other period of delay, if any, as per the terms of and in accordance with the SEBI Debt Listing Regulations. (e) If the Bank has exercised its right of Call Option, then after the completion of such exercise of the right of Call Option, the Bank shall submit the report to BSE and inform the Debenture Trustee and the Depositories, in the manner and upon the terms and conditions as set out in the SEBI Debt Listing Regulations. (f) For the avoidance of doubt, it is hereby clarified that the exercise of Call Option under the terms of this paragraph shall only be pursuant to the receipt of the relevant approvals from the Reserve Bank of India in this respect.		
Face Value	Rs 1,00,00,000/- (Rs. One Crore only) per Debenture		
Minimum Application and in multiples of thereafter	The minimum application amount for a potential Eligible Investor shall be Rs. 1,00,00,000/- (Rupees One Crore only) and in multiples of Rs. 1,00,00,000/- (Rupees One crore only) thereafter. i.e. 1 (One) Debenture and in multiple of 1 (One) Debenture thereafter. It is clarified that the potential Eligible Investor shall not be entitled to purchase a fraction of a Debenture.		
Issue Timing			

Heads	**Series I Debentures**	**Series II Debentures**	**Series III Debentures**
Issue Opening Date	August 2, 2022	August 2, 2022	August 2, 2022
Issue Closing Date	August 2, 2022	August 2, 2022	August 2, 2022
Date of earliest closing of	N.A	N.A	N.A

Security Name (***Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year***)	**Series I Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series II Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series III Debentures** **9.30% AU Small Finance Bank Limited 2032**
	the Issue, if any		
	Pay-in Date	August 3, 2022	August 3, 2022	August 3, 2022
	Deemed Date of Allotment	August 3, 2022	August 3, 2022	August 3, 2022
Issuance mode of the Instrument	Demat form only.		
Trading mode of the Instrument	Demat form only.		
Settlement mode of the Instrument	RTGS		
Depositories	NSDL and CDSL		
Business Days	Means any day of the week (other than a Saturday, Sunday or a 'public holiday' for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881)) on which banks are open for business in Jaipur, India and Mumbai, India.		
Business Day Convention	In case any Coupon Payment Date or the due date for the performance of any event, falls on a day which is not a Business Day, the immediately succeeding Business Day shall be due date for the Coupon payment or the performance of the event. If the Maturity Date (also being the last Coupon Payment Date) and/or the Call Option Date, in respect of the Debentures falls on a day which is not a Business Day, all Payments to be made on the Maturity Date (including the accrued Coupon), shall be made on the immediately preceding Business Day. It is hereby clarified that any payments shall also be subject to the day count convention as per the SEBI Debt Listing Regulations.		
Disclosure of Interest / Dividend / Redemption Dates	Please refer to the column on "*Coupon Payment Dates*" and "*Interest Payment Dates*" and "*Redemption Date*" under this Section 5.37 (*Issue Details*) and **Annexure VI** (*Illustration of Bond Cashflows*) of this Placement Memorandum.		
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 7 (Seven) calendar days prior to any Due Date.		

Security Name (***Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year***)	**Series I Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series II Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series III Debentures** **9.30% AU Small Finance Bank Limited 2032**
All covenants of the issue (including side letters, accelerated payment clause, etc.)	As set out in in Section 7.3 of this Placement Memorandum and as set out in detail under the Transaction Documents.		
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 Offer Document / Placement Memorandum.	Not applicable as the Debentures are unsecured and subordinated in nature.		
Due diligence certificate issued by the Debenture Trustee	The due diligence certificate issued by the Debenture Trustee to BSE in accordance with the SEBI circular dated November 03, 2020 (bearing reference no SEBI/HO/MIRSD/CRADT/CIR/P/2020/218) is annexed hereto as **Annexure VII** of this Placement Memorandum.		
Terms and conditions of debenture trustee agreement including fees charged by debenture trustees(s), details of security to be created and process of due diligence carried out by the debenture trustee.	Please refer to **Annexure VIII** of this Placement Memorandum.		
Transaction Documents	Shall be as set out in Section 7.1 of this Placement Memorandum.		
Conditions Precedent to Disbursement	On or prior to the payment of subscription monies by the Debenture Holder(s) proposing to subscribe to each Series of the Debentures: a) The Bank shall ensure that all regulatory requirements under applicable RBI regulations for banks have been met; b) The Bank shall have submitted to the Debenture Trustee and the Debenture Holders:		

Security Name (***Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year***)	**Series I Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series II Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series III Debentures** **9.30% AU Small Finance Bank Limited 2032**
	i) a certified true copy of the resolution of the shareholders of the Bank under section 42 of the Companies Act, 2013; and ii) a certified true copy of the resolution of the Board of Directors of the Bank, under Section 179 of the Companies Act, 2013 authorizing the issue of Debentures as also execution and delivery of the Transaction Documents in that behalf. c) Execution by the Bank of the Debenture Trustee Agreement and the Debenture Trust Deed, in a form and manner satisfactory to the Debenture Trustee shall have taken place; d) There shall not be any litigation, including winding up proceedings, or governmental proceeding (including any criminal proceedings) pending against any individual / company of the Promoter Group and the Promoter Group is not aware of any such proceeding being threatened; and e) The Bank shall ensure that the other approvals and consents from third parties, if required in relation to the transactions contemplated herein shall have been received by the Bank.		
Conditions Subsequent to Disbursement	The Bank shall comply with the following conditions subsequent within the timelines stipulated herein below: a) On or prior to the utilisation of the subscription monies by the Bank in respect of each Series of the Debentures and in any case, within 15 (Fifteen) days from the Deemed Date of Allotment, the Bank shall file of a return of allotment on the issue of the Debentures in Form PAS-3 specified pursuant to Rule 12 and 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, along with the requisite fee with the Registrar of Companies; b) Within 4 (Four) working days from the date of closing of the Issue, the Bank shall list the Debentures on the Bombay Stock Exchange (BSE); and c) Within 2 (Two) Business Days from the Deemed Date of Allotment, the Bank shall ensure credit of each Series of Debentures in dematerialised account(s) of the allottee(s) of the debentures with the number of debentures allotted.		
Events of Default (including	As mentioned in Section 7.4 of this Placement Memorandum.		

Security Name (***Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year***)	**Series I Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series II Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series III Debentures** **9.30% AU Small Finance Bank Limited 2032**
manner of voting /conditions of joining Inter Creditor Agreement)			
Creation of recovery expense fund	a. Details and purpose of the recovery expense fund The Issuer shall create a recovery expense fund in accordance with the applicable SEBI regulations, including but not limited to the SEBI circular dated October 22, 2020 (bearing reference number: SEBI/HO/MIRSD/CRADT/CIR/P/2020/207) and the circular bearing reference number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2022/ 67 dated May 19, 2022.		
Conditions for breach of covenants (as specified in the Debenture Trust Deed)	As set out in detail under Section 7.4 of this Placement Memorandum.		
Provisions related to Cross Default Clause	Failure of the Bank to make payment in respect of any borrowing appearing in the balance sheet of the Bank (including any borrowing availed by way of issuance of non-convertible debentures and excluding the borrowing availed by the Bank pursuant to the issuance of Debentures under this Issue) owed to any financial creditor and which failure, in the reasonable opinion of the Debenture Trustee, could adversely affect the performance by the Bank of its obligations in respect of the Debentures.		
Role and Responsibilities of Debenture Trustee	a) The Debenture Trustee shall perform all such acts and duties as are set out in the Transaction Documents in accordance with the SEBI (Debenture Trustees) Regulations, 1993; b) The Debenture Trustee may, in relation to these presents, act on the opinion or advice of or any information obtained from any solicitor, counsel, advocate, valuer, surveyor, broker, auctioneer, qualified accountant or other expert whether obtained by the Bank or by the Debenture Trustee or otherwise. Any such advice, opinion or information and any communication passing between the Debenture Trustee and their representative or attorney or a receiver appointed by them may be obtained or sent by letter, telegram, cablegram, telex or telephonic message; c) The Debenture Trustee shall act only on the instructions of the Majority Debenture Holders in accordance with the Debenture Trust Deed and other Transaction Documents;		

Security Name (***Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year***)	**Series I Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series II Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series III Debentures** **9.30% AU Small Finance Bank Limited 2032**
	d) The Debenture Trustee shall be at liberty to accept a certificate signed by any one of the directors of the Bank as to any act or matter *prima facie* within the knowledge of the Bank as sufficient evidence; e) With a view to facilitating any dealing under any provisions of these presents, the Debenture Trustee shall have full power to consent (where such consent is required) in accordance with the terms contained herein, to a specified transaction or class of transactions unconditionally; f) The Debenture Trustee shall have full power, in consultation with the Debenture Holders, to determine all questions and doubts arising in relation to any of the provisions of these presents and every such determination bona fide made (whether or not the same shall relate wholly or partially to the acts or proceedings of the Debenture Trustee) shall be conclusive and binding upon all persons interested under these presents; g) The Debenture Trustee shall not be bound to give notice to any person of the execution hereof or to see to the performance or observance of any of the obligations hereby imposed on the Bank or in any way to interfere with the conduct of the Bank's business unless and until the rights under the Debentures shall have become enforceable and the Debenture Trustee shall have determined to enforce the same; h) The Debenture Trustee shall not be bound to take any steps to ascertain whether any event of default has happened upon the happening of which the rights under the Debentures becomes enforceable unless the Debenture Trustee has actual knowledge of such Event of Default. In the event the Debenture Trustee has actual knowledge of certain facts which would consequently result in an Event of Default, the Debenture Trustee shall immediately inform the Debenture Holders and declare an Event of Default upon their instructions; i) The Debenture Trustee shall not be responsible for the monies paid by the applicants for the Debentures or be bound to see to the application thereof		
Risk factors pertaining to the Issue	As mentioned in SECTION 3: of this Placement Memorandum.		
Covenants	As mentioned in Section 7.3 of this Placement Memorandum.		

Security Name (***Name of the non-convertible securities which includes Coupon / dividend, Issuer Name and maturity year***)	**Series I Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series II Debentures** **9.30% AU Small Finance Bank Limited 2032**	**Series III Debentures** **9.30% AU Small Finance Bank Limited 2032**
Representation and warranties	As mentioned in Section 7.2 below		
Illustration of Bond Cashflows	Kindly refer to **Annexure VI** of this Placement Memorandum.		
Governing Law and Jurisdiction	The Debentures and documentation will be governed by and construed in accordance with the laws of India. The parties agree that any disputes which may arise out of or in connection with the Transaction Documents shall be subject to the exclusive jurisdiction of the High Court at Mumbai, India and that accordingly, any suit, action or proceedings ("**Proceedings**") arising out of or in connection with the Transaction Documents may be brought in such court.		
Point of Non-Viability	The Debentures, at the absolute right of the Reserve Bank of India, be written off upon the occurrence of the trigger event, called the 'Point of Non-Viability (PONV) Trigger' stipulated below. The PONV Trigger event is the earlier of: (a) a decision that a conversion or write-off, without which the firm would become non-viable, is necessary, as determined by the Reserve Bank of India; and (b) the decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority.		

Note:

1. If there is any change in Coupon 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.
2. The list of documents which has been executed in connection with the issue and subscription of debt securities shall be annexed.
3. The penal interest rates mentioned above as payable by the Issuer are independent of each other.
4. The Issuer shall provide granular disclosures in this 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".

SECTION 6: DISCLOSURES PERTAINING TO WILFUL DEFAULT

In case of listing of debt securities made on private placement, the following disclosures are required to be made vide the SEBI Debt Listing Regulations:

A. **Name of the Bank declaring the entity as a Wilful Defaulter**: NIL.

B. **The year in which the entity is declared as a Wilful Defaulter**: NIL.

C. **Outstanding amount when the entity is declared as a Wilful Defaulter**: NIL.

D. **Name of the entity declared as a Wilful Defaulter**: NIL.

E. **Steps taken, if any, for the removal from the list of wilful defaulters**: NIL.

F. **Other disclosures, as deemed fit by the Issuer in order to enable investors to take informed decisions**: NIL.

G. **Any other disclosure as specified by the Board**: NIL.

SECTION 7: TRANSACTION DOCUMENTS AND KEY TERMS

7.1 Transaction Documents

The following documents shall be executed in relation to the Issue ("**Transaction Documents**"):

A. Debenture Trustee Agreement, which will confirm the appointment of Catalyst Trusteeship Limited as the Debenture Trustee ("**Debenture Trustee Agreement**");

B. Debenture Trust Deed, which will set out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer ("**Debenture Trust Deed**"); and

C. Such other documents as agreed between the Issuer and the Debenture Trustee.

The Debenture Trustee Agreement and the Debenture Trust Deed shall be executed prior to the Deemed Date of Allotment.

7.2 Representations and Warranties of the Issuer

The Bank hereby makes the following representations and warranties to the Debenture Trustee on the date hereof and the same shall be deemed to be made by the Bank (by reference to the facts and circumstances then existing, except where the representation is specifically made with reference to a particular date) on each day up to the Maturity Date:

(a) **Status**

(i) It is a company, duly incorporated, registered and validly existing under the Applicable Law of India.

(ii) As on the Deemed Date of Allotment, the Bank is registered with the RBI as a "Small Finance Bank".

(b) **Validity and Admissibility in Evidence:**

All approvals, authorizations, consents, permits (third party, statutory or otherwise) required or desirable:

(i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party;

(ii) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and

(iii) for it to carry on its business

have been obtained or effected and are in full force and effect.

(c) **Binding Obligations**

The obligations expressed to be assumed by it under the Transaction Documents are legal, valid and binding obligations.

(d) **Non-conflict with other obligations**

The Issue (or any of the obligations undertaken by the Bank in relation thereto) does not conflict with any agreement or instrument binding upon the Bank or any of its assets or the constitutional documents of the Bank.

(e) **Power and Authority**

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by those Transaction Documents.

(f) **Corporate and Governmental Authorisations**

The Bank has the corporate power, authority and all material permits, approvals, authorisations, licenses, registrations, and consents necessary to perform its obligations in respect of this Issue.

(g) **Compliance with law**

The Bank is in material compliance with Applicable Law.

(h) **Insolvency**

It has not taken any action nor (to the best of its knowledge and belief) has any order been passed for its winding-up, insolvency, dissolution or re-organisation or for the enforcement of any security over its assets or for the appointment of a liquidator, supervisor, receiver, administrator, administrative receiver, compulsory manager, trustee or other similar officer of it or in respect of any of its assets.

(i) **Litigation**

As on the Deemed Date of Allotment, there are no claims, investigations or proceedings before any Governmental Authority in progress or pending against or relating to the Bank, other than in the normal course of business, which would have a material adverse effect on the ability of the Bank to make the payments in relation to the Debentures in each case or which would have a material adverse effect on the operations of the business of the Bank.

(j) **Financial statements**

The audited financial statements of the Bank for the Financial Year 2022-2023 represent a true and complete financial position of the Bank at the date of such statements.

(k) No Event of Default has occurred, is continuing or might reasonably be expected to result from the execution of the Transaction Documents.

(l) Neither the Bank nor any of its directors has been named in the list of wilful defaulters published by the RBI.

(m) The Bank is not entitled to any immunity or privilege (sovereign or otherwise) from any set-off, judgment, execution, attachment or other legal process.

(n) The proceeds of the Issue shall only be utilised for the Purpose.

(o) To the best of its knowledge, the Bank has paid all taxes which the Bank has become liable to pay unless the same is being contested with the relevant tax authority.

7.3 Covenants of the Bank

The Bank hereby covenants with the Debenture Trustee as follows (except as may otherwise be previously agreed in writing by the Debenture Trustee):

(a) **Utilisation of Proceeds of Debentures**

(i) The Bank shall utilise the funds raised through the Issue solely towards the Purpose.

(ii) The Bank shall within 45 (Forty-Five) calendar days from the end of every quarter submit to BSE, a statement indicating the utilization of Issue proceeds, which shall be continued to be given till such time the Issue proceeds have been fully utilised or the purpose for which these proceeds of Issue were raised has been achieved.

(b) **Compliance with Laws**

(i) The Bank shall comply with any directions/ guidelines issued by any Governmental Authority (including RBI and SEBI), in relation to the Issue including but not limited, in relation to the following (i) the SEBI Debt Listing Regulations, as may be in force from time to time during the currency of the Debentures; (ii) the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the other notified rules under the Act; (iii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (iv) SEBI (Debenture Trustee) Regulations, 1993;

(ii) The Bank shall remain as a banking company within the meaning of the Banking Regulation Act, 1949.

(c) **LISTING**

Take all steps necessary to obtain the in-principle approval from the BSE for listing the Debentures and to take all steps necessary to get the Debentures listed within 4 (Four) working days from the date of closing of Issue.

In accordance with the SEBI Debt Listing Regulations, as amended from time to time, in case of a delay by the Bank in listing the Debentures beyond 4 (Four) working days from the date of closing of Issue, the Bank shall (i) make payment to the Debenture Holders of 1% (One Percent) p.a. over the Coupon Rate for the period of delay i.e. from the Deemed Date of Allotment till the listing of such Debentures; and (ii) be permitted to utilise the issue proceeds of its subsequent two privately placed issuances of securities only after having received final listing approval from BSE in respect of the listing of Debentures.

(d) The Bank shall keep proper books of account as required by the Act and shall permit the Debenture Trustee to examine the relevant books and records of the Bank upon reasonable prior notice and at such reasonable times and intervals as the Debenture Trustee may reasonably request.

(e) The Bank shall furnish a report to the Debenture Trustee on a quarterly basis, containing the following particulars:

(i) Updated list of names and addresses of the Debenture Holder(s);

(ii) Details of Coupon and principal payments to be made due but unpaid and reasons for non-payment thereof;

(iii) The number and nature of grievances received from the Debenture Holder(s), grievances resolved by the Bank and those grievances not yet resolved and the reasons for the same;

(iv) Periodical status/performance reports from the Bank within 7 (Seven) days of the relevant board meeting or within 45 (Forty Five) days of the respective quarter, whichever is earlier.

(f) The Bank shall attend to and redress the grievances, if any, of the Debenture Holder(s).

(g) The Bank shall inform the Debenture Trustee of any material change in the nature and conduct of business by the Bank before such change.

(h) The Bank shall notify the Debenture Trustee of any proposed merger, amalgamation or restructuring scheme proposed by the Bank.

(i) The Bank shall inform the Debenture Trustee of any significant changes in the composition of the board of directors of the Bank.

(j) The Bank shall inform the Debenture Trustee of any major change in the composition of its Board of Directors, which may amount to change in 'control' as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(k) **Transfer of Unclaimed Redemption Amounts.**

Comply with the provisions of the Act relating to transfer of unclaimed redemption and coupon amounts of Debentures to Investor Education and Protection Fund ("**IEPF**"), if applicable to it.

(l) The Bank is aware that in terms of Regulation 14 of the SEBI (Debenture Trustees) Regulations, 1993 as amended from time to time, the Trust Deed has to contain the matters specified in Section 71 of the Companies Act, 2013 and Form No. SH.12 specified under the Companies (Share Capital and Debentures) Rules, 2014. The Bank hereby agrees to comply with all the clauses of Form No. SH.12 as specified under the Companies (Share Capital and Debentures) Rules, 2014 to the extent applicable to it as if they are actually and physically incorporated in the Debenture Trust Deed.

(m) The Bank shall provide to the Debenture Trustee such information as may be required by the Debenture Trustee for the effective discharge of the duties and obligations of the

Debenture Trustee, from time to time, including copies of reports, balance sheets, profit and loss account.

(n) The Bank shall submit to the Debenture Trustee, its duly audited annual accounts, within 180 (One Hundred and Eighty) calendar days from the close of each Financial Year.

(o) The Bank shall obtain the prior consent of the Debenture Trustee for effecting any scheme of arrangement which requires the consent of creditors in terms of Section 230 to Section 234 of the Act.

(p) The Bank shall comply with the capital adequacy ratios to be maintained by the Bank under applicable regulations issued by the RBI including the New Capital Adequacy Framework.

7.4 Events of Default

An event of default ("**Event of Default**") shall have occurred upon the happening of any event or circumstances specified below:

(a) Failure of the Bank to make payment in respect of any borrowing appearing in the balance sheet of the Bank (including any borrowing availed by way of issuance of non-convertible debentures and excluding the borrowing availed by the Bank pursuant to the issuance of Debentures under this Issue) owed to any financial creditor and which failure, in the reasonable opinion of the Debenture Trustee, could adversely affect the performance by the Bank of its obligations in respect of the Debentures;

(b) The Bank voluntarily or involuntarily becomes the subject of proceedings under any bankruptcy or insolvency law and such proceedings are not dismissed, vacated or stayed within a period of 90 (Ninety) days of such proceeding being filed;

(c) It is or becomes unlawful for the Bank to perform any of its obligations under the Transaction Documents, or if the Transaction Documents or any part thereof ceases, for any reason whatsoever, to be valid and binding or in full force and effect;

(d) The Bank repudiates a Transaction Document to which it is a party;

(e) The Bank fails to obtain, comply and/or loses its operating license issued by the RBI;

(f) The Bank has admitted in writing that the Bank is unable to pay its debts as they fall due;

(g) Any legal proceedings are commenced against the Bank which has the effect of prohibiting the Bank from performing its obligations under the Debenture Trust Deed and the other Transaction Documents, or affecting the legality, validity and enforceability of the Debenture Trust Deed and the other Transaction Documents and such proceedings are not dismissed or stayed within a period of 90 (Ninety) days of such petition being admitted;

(h) The Bank (without the consent of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders)) ceases to carry on all of its business or gives notice of its intention to do so;

(i) 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.

(j) Failure of the Bank to make any Payment on the respective Due Date;

(k) The Bank ceases to carry on its business or any substantial part thereof or gives notice of its intention to do so.

(l) The Bank breaches any representation or warranty provided by the Bank in terms of the Transaction Documents or fails duly to perform any other obligation arising from the Debentures (except for the event contained in Clause 1.11.1(a) (*Events Of Default*) of Part A of the Debenture Trust Deed) and such breach or failure continues for more than 30 (Thirty) Business Days after the Bank has received a notice thereof from the Debenture Trustee.

7.5 Consequences of Events of Default

The Parties acknowledge and agree that since the Debentures are classified as subordinated debt under paragraph 4.3.4 read with Annex 5 of 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 Holders):

(a) declare, in writing, that all or part of the Payments be immediately due and payable, whereupon they shall become immediately due and payable;

(b) accelerate the redemption of the Debentures;

(c) exercise any other right that the Debenture Trustee and/ or Debenture Holder(s) may have under the Transaction Documents or under Applicable Law including in relation to entering into the inter-creditor agreement with the creditors of the Bank pursuant to the SEBI Circular dated October 13, 2020 (bearing reference number: SEBI/HO/MIRSD/CRADT/CIR/P/2020/203), as amended, modified or replaced from time to time and in relation to Recovery Expense Fund pursuant to the circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 issued by SEBI and the circular bearing reference number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2022/ 67 dated May 19, 2022 issued by SEBI, as amended, modified or replaced from time to time.

Provided however, in the event that the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) declares that the Debentures and the outstanding Payments thereto have become redeemable prior to the Maturity Date, on account of the occurrence of an Event of Default, the Bank shall obtain in such case prior approval from the RBI for repayment of the outstanding Payments due in respect of the Debentures in accordance with the applicable RBI regulations.

Please note that the capitalised terms used in this section, but not defined herein, shall have the meaning as assigned to such term in the Debenture Trust Deed.

SECTION 8: OTHER INFORMATION AND APPLICATION PROCESS

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of Association of the Issuer, the terms of this Placement Memorandum, Application Form and other terms and conditions as may be incorporated in the Transaction Documents.

8.1 Mode of Transfer/Transmission of Debentures

The Debentures shall be transferable freely; however, it is clarified that no Investor shall be entitled to transfer the Debentures to a person who is not entitled to subscribe to the Debentures. The Debenture(s) shall be transferred and/or transmitted in accordance with the applicable provisions of the Act and other applicable laws. The Debentures held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL and CDSL and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the person, whose name appears in the Register of Debenture Holders maintained by the R&T Agent as on the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in dematerialised form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

8.2 Debentures held in Dematerialised Form

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/EFT/RTGS to those Debenture Holder(s) whose names appear on the list of beneficiaries maintained by the R&T Agent. The names would be as per the R&T Agent's records on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

The list of beneficiaries as of the relevant Record Date setting out the relevant beneficiaries' name and account number, address, bank details and DP's identification number will be given by the R&T Agent to the Issuer. If permitted, the Issuer may transfer payments required to be made in any relation by EFT/RTGS to the bank account of the Debenture Holder(s) for redemption payments.

8.3 Debenture Trustee for the Debenture Holder(s)

The Issuer has appointed Catalyst Trusteeship Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee have entered / intend to enter into the Debenture Trustee Agreement and the Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be

done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to the repayment of principal and coupon thereon. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trustee Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

8.4 Sharing of Information

The Issuer may, at its option, but subject to applicable laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holder(s) available with the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

8.5 Debenture Holder not a Shareholder

The Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Act. The Debentures shall not confer upon the Debenture Holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Issuer.

8.6 Modification of Debentures

The Debenture Trustee and the Issuer will agree to make any modifications in the Placement Memorandum which in the opinion of the Debenture Trustee is of a formal, minor or technical nature or is to correct a manifest error.

Any other change or modification to the terms of the Debentures shall require approval by the Majority Debenture Holders.

8.7 Right to accept or reject Applications

The Board of Directors/Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof.

8.8 Notices

Any notice, demand, request or other communication to be made or given by the Issuer/ Debenture Trustee upon the Debenture Holders shall be in writing unless otherwise stated. Such notice, demand, request or other communication shall be delivered by any of the following means: (a) delivered personally, or (b) sent by facsimile transmission, or (c) sent by registered mail with acknowledgment due, postage prepaid, or (d) sent by e-mail.

Any notice, demand, request or other communication made or delivered by the Issuer to the Debenture Trustee or the Debenture Trustee to the Issuer will only be effective:

a) if by way of personal delivery, when delivered; or

b) if by way of facsimile, when the sender receives a receipt indicating proper transmission; or

c) if by way of registered mail, 3 (Three) Business Days after it has been deposited in the post (with acknowledgment due), postage prepaid in an envelope duly addressed to the addressee; or

d) if by way of e-mail, when received in legible form and subject to such e-mail being followed up with a written letter / facsimile.

Any notice sent by any of the Issuer or the Debenture Trustee must be in English.

All other documents provided under or in connection with any Transaction Document must be in English or if not in English accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

Any communication or notice sent by Issuer or the Debenture Trustee shall always be marked/ copied to the Debenture Holder(s).

The Issuer or the Debenture Trustee may modify or alter the details for notices to be served on such Issuer/ Debenture Trustee, as provided under Section 8.8 (*Notices*) hereinabove, by giving a prior written notice of 5 (Five) Business Days, addressed to the Issuer or the Debenture Trustee.

8.9 Issue Procedure

Only Eligible Investors as given hereunder may apply for the Debentures by completing the Application Form in the prescribed format in block letters in English as per the instructions contained therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the Application Form. No application can be made for a fraction of a Debenture. Application Forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be duly completed by the applicant. This is required for the applicant's own safety and these details will be printed on the refund orders and /or redemptions warrants.

The subscription to the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI under the EBP Guidelines by placing bids on the EBP Platform during the Issue period. In case the Eligible Investors are not registered on the EBP Platform, they will have to register themselves as investor on the said platform (as a one time exercise) and also complete the mandatory KYC verification process. The Eligible Investors should also refer to the operational guidelines of the EBP in this respect. The disclosures required pursuant to the EBP Guidelines are set out hereinbelow:

Heads	Series I Debentures	Series II Debentures	Series III Debentures
Details of size of the Issue including green shoe option, if any	Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores only), with an option to retain additional subscription/ green shoe option of Rs. 200,00,00,000/- (Rupees Two Hundred Crores only)	Rs. 100,00,00,000/- (Rupees One Hundred Crores only)	Rs. 50,00,00,000/- (Rupees Fifty Crores only).

Heads	Series I Debentures	Series II Debentures	Series III Debentures
Bid opening and closing date	Bid opening date: August 2, 2022; and Bid closing date: August 2, 2022	Bid opening date: August 2, 2022; and Bid closing date: August 2, 2022	Bid opening date: August 2, 2022; and Bid closing date: August 2, 2022
Minimum Bid lot	1 (One) Debenture	1 (One) Debenture	1 (One) Debenture
Manner of bidding in the Issue	Closed Bidding	Closed Bidding	Closed Bidding
Manner of allotment in the Issue	The allotment will be done on Uniform Yield basis in accordance with EBP Guidelines.	The allotment will be done on Uniform Yield basis in accordance with EBP Guidelines.	The allotment will be done on Uniform Yield basis in accordance with EBP Guidelines.
Manner of settlement in the Issue	Pay-in of funds through ICCL.	Pay-in of funds through ICCL.	Pay-in of funds through ICCL.
Settlement cycle	T+1; where T refers to the date of bid opening date / issue opening date	T+1; where T refers to the date of bid opening date / issue opening date	T+1; where T refers to the date of bid opening date / issue opening date

Process flow of settlement:

Eligible Investors whose bids have been accepted by the Issuer and to whom a signed copy of this Placement Memorandum along with the Private Placement Offer Letter have been issued by the Issuer and who have submitted/shall submit the application form ("**Successful Bidders**"), shall make pay-in of subscription monies in respect of the Debentures towards the allocation made to them, into the bank account of the ICCL, the details of which are as set out below, on or before 10:30 a.m. on the Deemed Date of Allotment:

Name of Bank	HDFC BANK
IFSC Code	HDFC0000060
Account number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LIMITED

Name of Bank	ICICI Bank Ltd.
IFSC Code	ICIC0000106
Account number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LTD

Name of Bank	YES BANK
IFSC Code	YESB0CMSNOC
Account number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LTD

The pay-in by the Successful Bidders will be made only from the bank account(s), which have been provided / updated by them in the EBP system. Any amount received from third party accounts or from

accounts not specified in the EBP system will be refunded and no allotment will be made against such payments. Upon the transfer of funds into the aforesaid account of ICCL and the Issuer confirming its decision to proceed with the allotment of the Debentures in favour of the Successful Bidders to the ICCL, the R&T Agent and the EBP and initiating the requisite corporate action for allotment of Debentures and credit of the demat letter of allotment into the relevant demat account of the Successful Bidders through the R&T Agent, the R&T Agent shall provide corporate action file along with all requisite documents to the Depositories by 12:00 hours and also intimate the EBP of the aforesaid actions. Upon the Depositories confirming the allotment of the Debentures and the credit of the Debentures into the demat account of the Successful Bidders to EBP, the subscription monies in respect of the Debentures from the aforesaid account of ICCL shall be released into the Issuer's bank account, the details of which are as set out below:

Beneficiary Name	AU Small Finance Bank Limited – Capital and Tier II Account
Bank Account No.	1821240420909455
SWIFT Code	N.A.
IFSC Code	AUBL0002404
Bank Name	AU Small Finance Bank limited
Branch Address	Hathori Branch, Jaipur

It must be noted that all funds pay-in obligations need to be fulfilled in totality. Partial fund receipt against any given obligation will be treated as a default and debarment penalties will be applicable as specified by the EBP Guidelines.

The applicant should transfer payments required to be made in any relation by EFT/RTGS, to the bank account of the Issuer as per the details mentioned in the Application Form.

8.10 Application Procedure

Eligible Investors will be invited to subscribe by way of the Application Form prescribed in the Placement Memorandum during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive). Subject to the EBP Guidelines, the Issuer reserves the right to change the Issue schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons. The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

8.11 Fictitious Applications

All fictitious applications will be rejected.

8.12 Basis of Allotment

Notwithstanding anything stated elsewhere, the Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. Subject to the aforesaid, in case of over subscription, priority will be given to Eligible Investors on a first come first serve basis. The investors will be required to remit the funds as well as submit the duly completed Application Form along with other necessary documents to the Issuer by the Deemed Date of Allotment.

8.13 Payment Instructions

The Application Form should be submitted directly. The entire amount of Rs. 1,00,00,000/- (Rupees One Crore only) per Debenture is payable along with the making of an application. The pay-in of subscription monies in respect of the Debentures by the Successful Bidder shall be made in accordance with the procedure set out in Section 8.9 above.

8.14 Eligible Investors

The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"):

A. Mutual funds, Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors registered with the Securities and Exchange Board of India;
B. Foreign Portfolio Investors other than individuals, corporate bodies and family offices;
C. Public financial institutions;
D. Scheduled commercial banks;
E. Multilateral and bilateral development financial institutions;
F. State industrial development corporation;
G. Insurance companies registered with the Insurance Regulatory and Development Authority of India;
H. Provident Funds with minimum corpus of twenty five crore rupees;
I. Pension Funds with minimum corpus of twenty five crore rupees;
J. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
K. Insurance funds set up and managed by army, navy or air force of the Union of India;
L. Insurance funds set up and managed by the Department of Posts, India; and
M. Systemically Important Non-Banking Financial Companies.

to the extent each of the aforesaid investors are eligible to subscribe to the Debentures as per Applicable Laws.

All Eligible Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.

Note: Participation by Eligible Investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

8.15 Procedure for Applying for Dematerialised Facility

A. The applicant must have at least one beneficiary account with any of the DPs of NSDL and CDSL prior to making the application.

B. The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".

C. Debentures allotted to an applicant will be credited to the applicant's respective beneficiary account(s) with the DP.

D. For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.

E. Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.

F. If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.

G. For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.

H. The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

8.16 Depository Arrangements

The Issuer shall make necessary arrangement with CDSL and NSDL for issue and holding of Debenture in dematerialised form.

8.17 List of Beneficiaries

The Issuer shall request the R&T Agent to provide a list of beneficiaries as at the end of each Record Date. This shall be the list, which will be used for payment or repayment of redemption monies.

8.18 Application under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories of the Investor and the tax exemption certificate/document of the Investor, if any, must be lodged along with the submission of the completed Application Form. Further modifications/additions in the power of attorney or authority

should be notified to the Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed Application Form.

8.19 Procedure for application by Mutual Funds and Multiple Applications

In case of applications by mutual funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian mutual fund/venture capital fund registered with the SEBI and such applications will not be treated as multiple application, provided that the application made by the asset management company/trustee/custodian clearly indicated their intention as to the scheme for which the application has been made.

The Application Forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of

A. SEBI registration certificate
B. Resolution authorizing investment and containing operating instructions
C. Specimen signature of authorized signatories

8.20 Documents to be provided by Investors

Investors need to submit the following documents, as applicable

A. Memorandum and Articles of Association or other constitutional documents
B. Certified true copy of the Resolution authorising investment
C. Certified true copy of the Power of Attorney to custodian
D. Specimen signatures of the authorised signatories
E. SEBI registration certificate (for Mutual Funds)
F. Copy of PAN card
G. Application Form (including EFT/RTGS details)

8.21 Applications to be accompanied with Bank Account Details

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of redemption amount and all other amounts payable to the Debenture Holder(s) through cheque/EFT/RTGS.

8.22 Succession

In the event of winding-up of the Debenture Holder (being a company), the Bank will recognize the legal representative of the Debenture Holder(s) as having title to the Debenture(s). The Issuer shall not be

bound to recognize such legal representative as having title to the Debenture(s) unless they obtains legal representation, from a court in India having jurisdiction over the matter.

The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of such other legal representation, in order to recognise any person as being entitled to the Debenture(s) standing in the name of the concerned Debenture Holder on the production of sufficient documentary proof and/or an indemnity.

8.23 Mode of Payment

All payments must be made through cheque(s) demand draft(s), EFT/RTGS as set out in the Application Form.

8.24 Effect of Holidays

In case any Coupon Payment Date falls on a day which is not a Business Day, the payment to be made on such Coupon Payment Date, as the case may be, shall be made on the immediately succeeding Business Day. When the Maturity Date (including the last Coupon Payment Date) and/or the Call Option Date, falls on a day which is not a Business Day, all payments to be made on the Maturity Date (including accrued Coupon and outstanding principal amount), shall be made on the immediately preceding Business Day. It is hereby clarified that any payments shall also be subject to the day count convention as per the SEBI Debt Listing Regulations.

8.25 Tax Deduction at Source

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. For seeking TDS exemption/lower rate of TDS, relevant certificate/document must be lodged by the Debenture Holder(s) at the office of the R&T Agent of the Issuer at least 15 (Fifteen) calendar days before the relevant payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money, should be submitted along with the Application Form.

8.26 Letters of Allotment

The letter of allotment, indicating allotment of the Debentures, will be credited in dematerialised form within 1 (One) Business Days from the Deemed Date of Allotment. The aforesaid letter of allotment shall be replaced with the actual credit of Debentures, in dematerialised form, within a maximum of 2 (Two) Business Days from the Deemed Date of Allotment or within such timelines as permissible under Applicable Law.

8.27 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investor from the specified Deemed Date of Allotment. The Deemed Date of Allotment for each Series for the Issue is August 3, 2022 by which date the Investors would be intimated of allotment.

8.28 Record Date

The Record Date will be 7 (Seven) calendar days prior to any Due Date.

8.29 Refunds

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (seven) days from the Deemed Date of Allotment of the Debentures.

In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the R&T Agent shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

8.30 Interest on Application Money

At the Coupon Rate (subject to deduction of tax at source, as applicable) from the date of realization of cheque (s)/ demand draft(s)/ e-payment up to 1 (One) day prior to the Deemed Date of Allotment. The interest on application monies shall be paid by the Bank to the Debenture Holders within 7 (Seven) Business Days from the Deemed Date of Allotment.

8.31 PAN Number

Every applicant should mention its Permanent Account Number ("**PAN**") allotted under Income Tax Act, 1961, on the Application Form and attach a self-attested copy as evidence. Application forms without PAN will be considered incomplete and are liable to be rejected.

8.32 Payment on Redemption

Payment on redemption will be made by way of cheque(s)/redemption warrant(s)/demand draft(s)/credit through RTGS system/funds transfer in the name of the Debenture Holder(s) whose names appear on the list of beneficial owners given by the Depository to the Issuer as on the Record Date.

The Debentures shall be taken as discharged on payment of the redemption amount by the Issuer on maturity to the registered Debenture Holder(s) whose name appears in the Register of Debenture Holder(s) on the Record Date. On such payment being made, the Issuer will inform NSDL and CDSL and accordingly the account of the Debenture Holder(s) with NSDL and CDSL will be adjusted.

On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall stand extinguished.

Disclaimer: Please note that only those persons to whom this Placement Memorandum has been specifically addressed are eligible to apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an investor is required to provide all those documents / authorizations / information, which are likely to be required by the Issuer. The Issuer may but is not bound to revert to any investor for any additional documents / information and can accept or reject an application as it deems fit. Provisions in respect of investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with

extant rules/regulations/ guidelines, etc. governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.

SECTION 9: UNDERTAKING

The Issuer declares that all the relevant provisions in the regulations/guideline issued by SEBI and other applicable laws have been complied with and no statement made in this Placement Memorandum is contrary to the provisions of the regulations/guidelines issued by SEBI and other applicable laws, as the case may be. The information contained in this Placement Memorandum is as applicable to privately placed debt securities and subject to the information available with the Issuer. The extent of disclosures made in the Placement Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past.

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue, that the information contained in the Placement Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Issuer confirms that the Permanent Account Number, Aadhaar Number, Driving License Number, Bank Account Number(s) and Passport Number of the promoters of the Issuer and Permanent Account Number of the directors of the Issuer have been submitted to the stock exchange(s) on which the non-convertible securities are proposed to be listed, at the time of filing of the draft Placement Memorandum.

Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given on page number 17 under SECTION 3 'General Risks'.

The Issuer has no side letter with any debt securities holder except the one(s) disclosed in the Placement Memorandum. Any covenants later added shall be disclosed on the relevant stock exchange's website where the Debentures are listed.

The Issuer hereby declares the credit rating obtained by it in relation to the Debentures from CRISIL Ratings Limited being "CRISIL AA / Stable" and CARE Ratings Limited being "CARE AA / Stable" shall be valid on the date of Issue and on the date of listing of Debentures.

For **AU Small Finance Bank Limited**

_____

Authorised Signatory

Name: _____
Title: _____
Date: August 2, 2022

SECTION 10: FORM NO. PAS-4 - PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

Addressed to: _____
Serial No: _____

August 2, 2022

FORM NO PAS-4 PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

[Pursuant to Section 42 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014]

ISSUE OF UNSECURED, RATED, LISTED REDEEMABLE, SUBORDINATED, NON-CONVERTIBLE LOWER TIER II BONDS IN THE FORM OF NON-CONVERTIBLE DEBENTURES IN 3 (THREE) SERIES: (A) ONE OF UPTO 250 (TWO HUNDRED AND FIFTY) RATED LISTED UNSECURED REDEEMABLE SUBORDINATED LOWER TIER II BONDS IN THE FORM OF NON-CONVERTIBLE SERIES I DEBENTURES AGGREGATING UP TO RS. 250,00,00,000/- (RUPEES TWO HUNDRED AND FIFTY CRORES ONLY) WITH AN OPTION TO RETAIN ADDITIONAL SUBSCRIPTION/ GREEN SHOE OPTION OF RS.200,00,00,000/- (RUPEES TWO HUNDRED CRORES ONLY); (B) ONE OF UPTO 100 (ONE HUNDRED) RATED LISTED UNSECURED REDEEMABLE SUBORDINATED LOWER TIER II BONDS IN THE FORM OF NON-CONVERTIBLE SERIES II DEBENTURES AGGREGATING UP TO RS. 100,00,00,000/- (ONE HUNDRED CRORES ONLY); AND (C) ANOTHER OF UPTO 50 (FIFTY) RATED LISTED UNSECURED REDEEMABLE SUBORDINATED LOWER TIER II BONDS IN THE FORM OF NON-CONVERTIBLE SERIES III DEBENTURES AGGREGATING UP TO RS. 50,00,00,000/- (RUPEES FIFTY CRORES ONLY), COLLECTIVELY AGGREGATING UPTO RS. 600,00,00,000/- (RUPEES SIX HUNDRED CRORES ONLY), IN DEMATERIALISED FORM ON A PRIVATE PLACEMENT BASIS (COLLECTIVELY THE "*ISSUE*")

10.1 General Information:

A. **Name, address, website and other contact details of the Company, indicating both registered office and the corporate office:**

Issuer / Bank:	AU Small Finance Bank Limited
Registered Office:	19A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001, Rajasthan, India
Corporate Office:	5th Floor, E Wing, Kanakia Zillion, Junction of CST Road and L.B.S. Marg, Kurla West, Mumbai – 40007, Maharashtra, India
Telephone No.:	0141- 6660666/022-62490600
Website:	www.aubank.in
Fax:	+91-141-4110090/022 62490630
Contact Person:	Mr. Manmohan Parnami
Email:	investorrelations@aubank.in

B. **Date of Incorporation of the Company:**

The Bank was incorporated on January 10, 1996.

C. **Business carried on by the Company and its subsidiaries with the details of branches or units, if any;**

AU Small Finance Bank Limited (AU Bank) is a scheduled commercial bank, a Fortune India 500 Company and the largest Small Finance Bank in the country. Starting its journey in 1996 by Mr. Sanjay Agarwal from the hinterlands of Rajasthan, today AU Bank is the largest Small Finance Bank with a deep understanding of the rural and semi-urban markets that has enabled it build robust business model facilitating inclusive growth. With 27+ years legacy of being a retail focused and customer centric institution, AU started its banking operations in April 19 2017 as scheduled commercial bank which was formerly known as Au Financiers (India) Limited which was a systemically important asset financing Non-Banking Financial Company ("**NBFC**") and currently offers: 1. Retail Loans, including wheels loan, secured business loans to micro, small and medium enterprises ("**MSME**"), housing loans, gold loans, agri-MSME, 2. Small & Mid corporate loans, including non-banking financial companies ("**NBFC**")/ housing finance companies ("**HFC**") loans, real estate group loans and business banking loans, and 3. Comprehensive Banking Solutions viz. QR, Credit card, PL, Mutual Funds, 3-in-1 accounts. The Bank's liability product offerings include the entire gamut including of Current Account, Saving Account, Recurring and Term Deposits, Transaction Banking, Internet and Mobile Banking (Super-App AU 0101 and Video Banking). AU SFB also distributes mutual funds and insurance covers.

The Bank is listed on the NSE and the BSE. The listing of the Bank occurred on July 10, 2017.

As on June 30, 2022, AU SFB has 502 branches (including 70 unbanked branches), 215 asset centers, 220 BOs, 16 Smart BCs and 542 ATMs across 20 states and 2 union territory. Moreover, at 3MFY23, the Bank had gross AUM totaling INR 50,161 crore, total deposits worth INR 54,631 crore and an employee base of 29,883.

As on date, there are no subsidiaries or associates of the Bank.

For further details, please refer https://www.aubank.in/quarterly-report

Details of branches with address as on 30th June 2022 is set out in **CHAPTER C** of the Private Placement Offer cum Application Letter.

D. **Brief particulars of the management of the Company:**

Management Details		
Name	**Designation**	**Description**
Mr. Vimal Jain	**Chief Financial Officer**	**Mr. Vimal Jain** is the **Chief Financial Officer** of our Bank. He is a qualified chartered accountant from the Institute of Chartered Accountants of India. He has been associated with our Bank since January 16, 2010. Prior to joining our Bank, he was working with GERA Developments Private Limited, Videocon Industries Limited and Videocon Appliances Limited. He has over 17 years of experience in the fields of finance, accounts, budgeting and business planning.
Mr. Manmohan Parnami	**Company Secretary and**	**Mr. Manmohan Parnami** is the **Company Secretary and Compliance Officer** of Bank. He holds a bachelor's degree in commerce and a bachelor's degree law from the University of Rajasthan and an advanced diploma in business management

Management Details		
Name	**Designation**	**Description**
	Compliance Officer	from ICFAI University, Dehradun. He is also a qualified company secretary and a member of the Institute of Company Secretaries of India. He has been associated with our Bank since August 2, 2008 as the company secretary and was appointed as our compliance officer by way of the board resolution dated December 20, 2016. Prior to joining our Bank, he was associated with Musashi Auto Parts India Private Limited as a Company Secretary. He has around 18 years of experience in the fields of corporate laws, compliance and financial regulations.

E. **Name, addresses, DIN and occupations of the directors**:

S. No.	Name of the Directors	Address	DIN	Occupation
1.	Mr. Raj Vikash Verma Designation: Part Time Chairman (Independent Director)	S-64, First Floor, Greater Kailash-I, New Delhi-110048	03546341	Self Employed-Professional
2.	Mr. Krishan Kant Rathi Designation: Independent Director	B/72, Dakshina Park, 7th floor, N.S. Road, 10th JVPD Scheme, Juhu, Mumbai 400 049, Maharashtra, India	00040094	Service
3.	Ms. Jyoti Ishwar Chandra Narang Designation: Independent Director	59 Hills and Dales Undri Off, Nitam Road, Pune-411060, Maharashtra	00351187	Self Employed-Professional
4.	Mr. Mankal Shankar Sriram Designation: Independent Director	Sri Sankara Road No. 3, 4th Main road Chamrajpet Bangalore - 560018, Karnataka	00588922	Service
5.	Mr. Pushpinder Chaingh Designation: Independent Director	3270, Sector- 71, S.A.S. Nagar, Mohali - 160071, Punjab	08496066	Self Employed-Professional
6.	Mr. Kannan Gopalaraghavan Vellur Designation: Independent Director	802, Fili Villa 23/1C/32, Near Nandan Prospera Balewadi, Pune City, Pune, 411045	03443982	Self Employed-Professional
7.	Mr. Harun Rasid Khan Designation: Independent Director	T6/622, Royal Lagoon, Nandan Kanan Road, Bhubaneswar Urban, Odisha-751024	07456806	Self Employed-Professional
8.	Mr. Kamlesh Shivji Vikamsey Designation: Independent Director	Kalpataru Habitat, 194-A, Dr S.S.Rao, Parel East, Mumbai, Parel, Maharashtra – 400012	00059620	Self Employed-Professional

S. No.	Name of the Directors	Address	DIN	Occupation
9.	Mr. Sanjay Agarwal Designation: Managing Director and CEO	A 1 Gate No 2 Officer Campus Main, Sirsi Road, Vishnu Marg Jaipur 302012 RJ IN	00009526	Service
10.	Mr. Uttam Tibrewal Designation: Whole-time Director	F-19, Ram Path near CLC Institute, Shyam Nagar Ext. Sodala, Jaipur 302019	01024940	Service

10.2 MANAGEMENT PERCEPTION OF RISK FACTORS:

Please refer to SECTION 3: of this Placement Memorandum.

10.3 RISKS RELATED TO THE BUSINESS OF THE ISSUER

Please refer to SECTION 3: of this Placement Memorandum.

10.4 Details of defaults, if any, including the amounts involved, duration of default, and present status, in repayment of:

(i) Statutory Dues: NIL
(ii) Debentures and interest thereon: NIL
(iii) Deposits and interest thereon: NIL
(iv) Loan from any bank or financial institution and interest thereon: NIL

10.5 Name, designation, address and phone number, email ID of the nodal / compliance officer of the Company, if any, for the Issue:

Name: Mr. Manmohan Parnami
Designation: Company Secretary and Compliance Officer

Address: CP3 235, Industrial Area, Apparel Park, Mahal Road, Jagatpura, Jaipur, Rajasthan 302022

Phone No.: 0141-6640275
Email: investorrelations@aubank.in

10.6 Any default in annual filing of the Company under the Companies Act, 2013 or the rules made thereunder:

NIL

10.7 Particulars of the Offer:

Financial position of the Company for the last 3 (three) financial years	Please refer to **PART A** below.
Date of passing of Board Resolution	Resolution passed by the Board of Directors of the Issuer on July 29, 2022 pursuant to Section 179 of the Companies Act, 2013.

Date of passing of resolution in [annual / extra-ordinary general meeting], authorizing the offer of securities	Resolutions passed by the shareholders of the Issuer on August 17, 2021 under Section 42 of the Companies Act, 2013 and the resolution passed by the shareholders of the Issuer dated July 26, 2019 pursuant to Section 180(1)(c) of the Companies Act, 2013.
Kind of securities offered (i.e. whether share or debenture) and class of security; the total number of shares or other securities to be issued	Issue of up to 250 (Two Hundred and Fifty) Rated Listed Unsecured Redeemable Subordinated Lower Tier II Bonds in the form of Non-Convertible Series I Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating up to Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores only), with an option to retain additional subscription/ green shoe option of Rs.200,00,00,000/- (Rupees Two Hundred Crores only) ("**Series I Debentures**"); and Issue of up to 100 (One Hundred) Rated Listed Unsecured Redeemable Subordinated Lower Tier II Bonds in the form of Non-Convertible Series II Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crores only) ("**Series II Debentures**"); and Issue of up to 50 (Fifty) Rated Listed Unsecured Redeemable Subordinated Lower Tier II Bonds in the form of Non-Convertible Series III Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating up to Rs. 50,00,00,000/- (Rupees Fifty Crores only) ("**Series III Debentures**"), collectively aggregating upto Rs. 600,00,00,000/- (Rupees Six Hundred Crores only), in dematerialised form, on a private placement basis (collectively the "**Issue**") (Series I Debentures, Series II Debentures and Series III Debentures shall be collectively referred to as the "**Debentures**").
Price at which the security is being offered, including premium if any, along with justification of the price	The Debentures are being offered at face value of Rs. 1,00,00,000/- (Rupees One Crore only) per Debenture
Name and address of the valuer who performed valuation of the security offered, and basis on which the price has been arrived at along with report of the registered valuer	Not Applicable as the Debentures are being offered at face value of Rs. 1,00,00,000/- (Rupees One Crore only) per Debenture
Relevant date with reference to which the price has been arrived at [Relevant Date means a date at least 30 days prior to the date on which the general meeting of the Company is scheduled to be held]	Not applicable.

The class or classes of persons to whom the allotment is proposed to be made	The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"): A. Mutual funds, Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors registered with the Securities and Exchange Board of India; B. Foreign Portfolio Investors other than individuals, corporate bodies and family offices; C. Public financial institutions; D. Scheduled commercial banks; E. Multilateral and bilateral development financial institutions; F. State industrial development corporation; G. Insurance companies registered with the Insurance Regulatory and Development Authority of India; H. Provident Funds with minimum corpus of twenty five crore rupees; I. Pension Funds with minimum corpus of twenty five crore rupees; J. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; K. Insurance funds set up and managed by army, navy or air force of the Union of India; L. Insurance funds set up and managed by the Department of Posts, India; and M. Systemically Important Non-Banking Financial Companies. All Eligible Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures. **Note:** Participation by Eligible Investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.
Intention of promoters, directors or key managerial personnel to	Not applicable.

<table>
<tr><td>subscribe to the offer (applicable in case they intend to subscribe to the offer) [Not required in case of issue of non-convertible debentures]</td><td></td></tr>
<tr><td>The proposed time within which the allotment shall be completed</td><td>
<table>
<tr><th>Heads</th><th>Series I Debentures</th><th>Series II Debentures</th><th>Series III Debentures</th></tr>
<tr><td>Issue Opening Date</td><td>August 2, 2022</td><td>August 2, 2022</td><td>August 2, 2022</td></tr>
<tr><td>Issue Closing Date</td><td>August 2, 2022</td><td>August 2, 2022</td><td>August 2, 2022</td></tr>
<tr><td>Date of earliest closing of the Issue, if any</td><td>N.A.</td><td>N.A.</td><td>N.A.</td></tr>
<tr><td>Pay-in Date</td><td>August 3, 2022</td><td>August 3, 2022</td><td>August 3, 2022</td></tr>
<tr><td>Deemed Date of Allotment</td><td>August 3, 2022</td><td>August 3, 2022</td><td>August 3, 2022</td></tr>
</table>
</td></tr>
<tr><td>The names of the proposed allottees and the percentage of post private placement capital that may be held by them [Not applicable in case of issue of non-convertible debentures]</td><td>Not applicable.</td></tr>
<tr><td>The change in control, if any, in the company that would occur consequent to the private placement</td><td>No change in control would occur consequent to this private placement.</td></tr>
<tr><td>The number of persons to whom allotment on preferential basis / private placement / rights issue has already been made during the year, in terms of securities as well as price</td><td>NIL.</td></tr>
<tr><td>The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer</td><td>Not applicable.</td></tr>
</table>

Amount, which the Company intends to raise by way of proposed offer of securities	Issue of up to 250 (Two Hundred and Fifty) Rated Listed Unsecured Redeemable Subordinated Lower Tier II Bonds in the form of Non-Convertible Series I Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating up to Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores only), with an option to retain additional subscription/ green shoe option of Rs. 200,00,00,000/- (Rupees Two Hundred Crores only) ("**Series I Debentures**"); and Issue of up to 100 (One Hundred) Rated Listed Unsecured Redeemable Subordinated Lower Tier II Bonds in the form of Non-Convertible Series II Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crores only) ("**Series II Debentures**"); and Issue of up to 50 (Fifty) Rated Listed Unsecured Redeemable Subordinated Lower Tier II Bonds in the form of Non-Convertible Series III Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each, aggregating up to Rs. 50,00,00,000/- (Rupees Fifty Crores only) ("**Series III Debentures**"), collectively aggregating upto Rs. 600,00,00,000/- (Rupees Six Hundred Crores only), in dematerialised form, on a private placement basis (collectively the "**Issue**") (Series I Debentures, Series II Debentures and Series III Debentures shall be collectively referred to as the "**Debentures**").
Terms of raising of securities:	

Duration, if applicable:	(i) Series I Debentures: 120 (One Hundred and Twenty) months from the Deemed Date of Allotment (subject to adjustments Business Day Convention) being August 3, 2032; (ii) Series II Debentures: 120 (One Hundred and Twenty) months and 10 (Ten) calendar days from the Deemed Date of Allotment (subject to adjustments Business Day Convention) being August 13, 2032; (iii) Series III Debentures: 120 (One Hundred and Twenty) months and 20 (Twenty) calendar days from the Deemed Date of Allotment (subject to adjustments Business Day Convention) being August 23, 2032.

	Rate of Interest or Coupon: 9.30% (Nine Decimal Point Three Zero Percent) per annum, payable annually. Mode of Payment: cheque(s)/ demand draft/ electronic clearing services (ECS)/credit through RTGS system/funds transfer Mode of Repayment: cheque(s)/ electronic clearing services (ECS)/credit through RTGS system/funds transfer
Proposed time schedule for which the Issue/Offer Letter is valid	August 2, 2022.
Purpose and objects of the Issue/Offer	To raise senior secured debt to the extent up to Rs. 600,00,00,000/- (Rupees Six Hundred Crores only) by issue of Series I Debentures, Series II Debentures and Series III Debentures and up to 100% (One Hundred Percent) of the issue proceeds will be utilised towards for the augmentation of the Tier II Capital of the Bank for strengthening the Bank's capital adequacy and enhancing the Bank's long-term resources and for the regular business activities of the Bank.
Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	N.A.
Principal terms of assets charged as security, if applicable	Not applicable as the Debentures are unsecured and subordinated in nature.
The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the Company and its future operations	Nil

The pre-issue and post-issue shareholding pattern of the Company in the following format:

S. No.	Category	Pre-Issue as on July 22, 2022		Post-Issue	
		No. of Shares held	% of share holding	No. of Shares held	% of share holding
A.	**Promoter's holding**				
1	**Indian**				
	Individual (Including Joint holding)	16,44,69,340	26.10%	16,44,69,340	26.10%
	Bodies Corporate	1,33,29,072	2.12%	1,33,29,072	2.12%
	Sub Total	17,77,98,412	28.21%	17,77,98,412	28.21%

2	**Foreign Promoter**	-	0.00%	-	0.00%
	Subtotal (A)	17,77,98,412	28.21%	17,77,98,412	28.21%
B.	**Non Promoter's holding**	33,54,54,853	53.23%	33,54,54,853	53.23%
1	**Institutional Investors**	33,54,54,853	53.23%	33,54,54,853	53.23%
2	**Non- Institution Investors**				
	Private Bodies Corporate (Including Foreign Bodies)	1,45,40,668	2.31%	1,45,40,668	2.31%
	Directors and Relatives	1,31,40,326	2.09%	1,31,40,326	2.09%
	Indian Public	5,57,02,186	8.84%	5,57,02,186	8.84%
	Others (Including NRIs)	3,35,50,021	5.32%	3,35,50,021	5.32%
	Subtotal (B)	45,23,88,054	71.79%	45,23,88,054	71.79%
	Grand Total (A) + (B)	**63,01,86,466**	100.00%	**63,01,86,466**	100.00%

10.8 Mode of payment for subscription (Cheque/ Demand Draft/ other banking channels): Other banking channels – RTGS/NEFT.

10.9 Disclosure with regard to interest of directors, litigation, etc:

Any financial or other material interest of the directors, promoters or key managerial personnel in the offer/ Issue and the effect of such interest in so far as it is different from the interests of other persons	NIL
Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the Company during the last 3 (three) years immediately preceding the year of the issue of this Offer Letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed	NIL
Remuneration of directors (during the current year and last 3 (three) financial years)	

Name of the Director	Remuneration (in Rs Crore)	Sitting Fees (In Rs. Crore)
2021-22	5.75	1.42
2020 -21	3.21*	0.96
2019-20	6.33	0.59
*Mr. Sanjay Agarwal, MD & CEO has relinquished his fixed pay for FY 2020-21		

Related party transactions entered during the last 3 (three) financial years immediately preceding the year of issue of this Offer Letter including with regard to loans made or, guarantees given or securities provided	Please refer to **CHAPTER D** of this Private Placement Offer cum Application Letter.
Summary of reservations or qualifications or adverse remarks of auditors in the last 5 (five) financial years immediately preceding the year of issue of this Offer Letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remark	**<u>FY 2019-20 and 2020-21</u>** **Emphasis of Matter** The Statutory Auditor's report on the Bank's audited financial statements as at and for the year ended March 31,2020 and 2021 contains emphasis of matter paragraphs which describes the extent to which the COVID-19 pandemic will impact the Bank's operations and financial metrics which are dependent on uncertain future developments.
Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last 3 (three) years immediately preceding the year of circulation of the Offer Letter in the case of the Company and all of its subsidiaries. Also if there were any were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last 3 (three) years immediately preceding the year of this Offer Letter and if so, section-wise details thereof for the Company and all of its subsidiaries	1. Our Bank received a letter dated January 5, 2019 ("**MCA Letter**") from MCA under sub-section 1 of section 206 of Companies Act, seeking certain clarifications in relation to the initial public offering of our Bank ("**IPO**"), to examine among other things, the fund utilization for the purposes specified and the promises made in the prospectus dated June 14, 2017 ("**Prospectus**") filed with the MCA, real time monitoring and examination of documents relating to IPOs. Pursuant to the MCA Letter, MCA called for information and explanation on certain points in relation to the IPO of our Bank, among other things, to (i) furnish the details of gross proceeds from issue and details of issue related expenses; (ii) furnish the details of utilization of IPO proceeds up to March 31, 2018 and ledgers of the heads in which utilizations were made along with the bank statement reflecting the same therein; (iii) furnish details of the shares transactions by the Directors and KMP's after listing of share of the Bank till March 31, 2018; (iv) furnish the tax audit reports for the last three financials along with the assessment orders; (v) furnish detail of plant and machinery purchased since IPO along with the bills thereof. Our Bank, vide letter dated February 26, 2019 had responded to the MCA Letter, furnishing the information sought and explanation wherever required along with supporting annexures. Subsequent to our reply, our Bank received a letter dated June 24, 2019 ("**MCA Letter 2**") from MCA under sub-section 1 of section 206 of Companies Act. Pursuant to the MCA Letter 2, MCA called for information and explanation on certain points in relation to the IPO of our Bank. Our Bank, vide a letter dated July 8, 2019 had responded to the MCA Letter 2, furnishing the information sought and explanation wherever required along with the relevant supporting documents. The matter is currently pending.

	2. Our Bank has received a letter dated May 5, 2022 ("**ROC Letter**") from the RoC seeking comments and requisite documents from our Bank in order to clarify the difference of ₹32,080.40 million between the amount of secured loan disclosed in the annual returns filed by our Bank and the amount of secured loan disclosed in the master data based on CHG-1 forms filed by our Bank. Our Bank, by way of letters dated May 13, 2022 and May 25, 2022, has responded to the ROC Letter, furnishing necessary clarifications. The matter is currently pending.
Details of acts of material frauds committed against the Company in the last 3 (three) years, if any, and if so, the action taken by the company	Special Committee for Fraud Monitoring ("**FMC**") of the Board was constituted pursuant to an RBI circular to monitor fraudulent activity involving ₹ 10 million and above. The major functions of FMC involve monitoring and reviewing of all frauds involving amount of ₹ 10 million and above and identify the system lacunae if any that facilitate perpetration of the fraud and put in place measures to plug the same. In the last three years, the acts of frauds involving an amount of ₹10 million or more, against the Bank as reported to the RBI are as follows:

S. No.	Fraud committed by	Details of fraud committed against our Bank	Amount involved (In ₹ million)	Action taken
1.	"C" and "D"	C and D ("**Perpetrators**") in connivance with the Bank's staff and others, fraudulently claimed and misappropriated subsidy amount under the Prime Minister's Employment Generation Programme ("**PMEGP**"). Certain fraudulent subsidy applications, fabricated loan documents and other supporting documents were found uploaded on the PMEGP portal on behalf of the Bank at Jobner. The Bank's staff in collaboration with C and D updated the Bank's Transit account number with PMEGP and diverted the subsidy amount to the Perpetrator's accounts. A subsidy amount of ₹ 13.99 million for certain applications was received and further moved out from the Perpetrator's accounts between January 8, 2021 and March 26, 2021. The subsidy	13.99	We have filed an FIR with Jobner police station. The investigation is in process.

				amount was released by PMEGP to the Perpetrators' accounts in tranches and misused by the Perpetrators without the Bank's knowledge. Both accounts have been frozen subsequently.			

10.10 Financial Position of the Company:

The capital structure of the Bank in the following manner in a tabular form:

The authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value)	**SHARE CAPITAL**		**AMOUNT (Rs.)**
	AUTHORIZED SHARE CAPITAL		
	120,00,00,000 Equity Shares of Rs. 10/- each	(A)	12,00,00,00,000
	Compulsory Convertible Preference Shares of Rs. 100/- each	(B)	NIL
	Total Authorized Share capital	**(A)+(B)= (C)**	**12,00,00,00,000**
	Issued, Subscribed & Paid Up Share Capital		
	63,01,86,466 Equity Shares of Rs. 10/- each	(A)	630,18,64,660
	Compulsory Convertible Preference Shares of Rs. 100/- each	(B)	NIL
	Total Issued, Subscribed & Paid Up Share Capital	**(A)+(B)= (C)**	630,18,64,660
	Total paid up Capital	**(C)**	**630,18,64,660**
Size of the Present Offer	Up to Rs. 600,00,00,000/- (Rupees Six Hundred Crores only) by issue of the Series I Debentures, the Series II Debentures and the Series III Debentures.		
Paid-up Capital: **a. After the offer:** **b. After the conversion of Convertible Instruments (if applicable)**	Equity Share Capital: 630,18,64,660 Preference Share Capital: Nil Equity Share Capital: 630,18,64,660 Preference Share Capital: Nil Not Applicable		
Share Premium Account:			

a. Before the offer: **b. After the offer:**	Rs. 1789.85 Crore Rs. 1789.85 Crore
Details of the existing share capital of the Issuer including details of allotments made by the Company in the last one year prior to the date of this Offer Letter for consideration other than cash and details of the consideration in each case: Please refer to Section 5.9 C (*Equity Share Capital History of the Bank*) under Section 5 of the Placement Memorandum, for details of allotment made by the Bank.	
Details of allotments made by the Company in the last one year prior to the date of this Offer Letter for consideration other than cash and details of the consideration in each case.	None of the allotments were made for consideration other than cash.
Profits of the Company, before and after making provision for tax, for the 3 (three) financial years immediately preceding the date of circulation of this Offer Letter	

FY	PBT (in Rs. Cr)	PAT (in Rs. Cr)
FY 2022	1,454.07	1,129.83
FY 2021	1,458.51	1,170.68
FY 2020	913.98	674.78

Dividends declared by the Company in respect of the said 3 (three) financial years; interest coverage ratio for last three years (cash profit after tax plus interest paid/interest paid)

Year	2022	2021	2020
Dividends declared by the Bank	₹ 1 per share at 10% (pre-bonus issue) or ₹ 0.50 per share at 5% (post-bonus issue)	NIL	NIL
Interest Coverage Ratio	NA	NA	NA

A summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of circulation of this Offer Letter	Please refer **CHAPTER A** to this Private Placement Offer cum Application Letter.
Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this Offer Letter	Please refer **CHAPTER B** to this Private Placement Offer cum Application Letter.

Any change in accounting policies during the last 3 (three) years and their effect on the profits and the reserves of the Company	Sr. No.	Accounting Period	Change in Accounting Policy	Impact on the Profits and Reserves of the Bank
	1.	2021-22	The Bank has applied its significant accounting policies in the preparation of the financial results consistent with those followed in the annual financial statements for the year ended March 31, 2021 except for its share-based payments. In accordance with the RBI circular RBI/2021-22/95 DOR.GOV.REC.44/29.67.001/2021-22 "Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff – Clarification" dated August 30, 2021, Share-linked instruments granted to Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff after the accounting period ending March 31, 2021, has fair valued on the date of grant, using Black-Scholes model instead of Intrinsic value method.	'Employee cost' is higher by ₹ 2.80 crore for the year ended March 31, 2022

10.11 PART B (To be filed by the Applicant)

(i) Name: _____;
(ii) Director name: _____;
(iii) Complete Address including Flat / House Number, Street, Locality, Pin Code_____;
(iv) Phone number; if any: _____;
(v) Email ID, if any: _____;
(vi) PAN Number: _____;
(vii) Bank Account details: _____;
Bank Name: _____

(viii) Tick whichever is applicable:

(A) The applicant is not required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares / securities:

✓

(B) The applicant is required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares and the same has been obtained and is enclosed herewith: Not applicable.

_____
Signature

_____
Initial of the Officer of the Company designated to keep the record

Enclosed
Copy of Board Resolution
Copy of Shareholders Resolution
Copy of _____
Chapter A - A summary of the financial position of the Bank as in the 3 (three) audited balance sheets immediately preceding the date of circulation of this Offer Letter
Chapter B - Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this Offer Letter
Chapter C- Details of branches of the Issuer with address as on June 30, 2022
Chapter D- Related party transactions entered during the last 3 (three) financial years immediately preceding the year of issue of this Offer Letter including with regard to loans made or, guarantees given or securities provided
Optional Attachments, if any

CHAPTER A: FINANCIAL POSITION OF THE BANK AS IN THE 3 (THREE) AUDITED BALANCE SHEETS IMMEDIATELY PRECEDING THE DATE OF CIRCULATION OF THIS PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

Please refer to **Annexure V** of this Placement Memorandum.

CHAPTER B: **AUDITED CASH FLOW STATEMENT FOR THE 3 (THREE) YEARS IMMEDIATELY PRECEDING THE DATE OF CIRCULATION OF THIS PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER**

Please refer to **Annexure V** of this Placement Memorandum.

CHAPTER C- DETAILS OF BRANCHES OF THE ISSUER WITH ADDRESS AS ON JUNE 30, 2022

State Name	Branch Name	Branch Type	Address
Punjab	Abohar	Bank Branch	Khasra No. 702, Durga Complex, Street No. 9, Circular Road, Abohar
Rajasthan	Abu Road	Bank Branch	Shop No 4-5, Near Shanti Kunj Bagicha, Patta No. 3&4, Sadar Bazar, Abu Road
Madhya Pradesh	Agar Malwa	Bank Branch	City Centre, Survey No-341/1/1, Part Kaswa Chawani Charaha, Agar Malwa
Gujarat	Shivranjani Ahmedabad	Bank Branch	Ground Floor, Sheetal Vasha, Shivranjani Cross Roads, Satallite, Ahmedabad
Gujarat	Ashram Road Ahmedabad	Bank Branch	City Survey 13-16, Ground Floor, Central Business Space, Opposite Fortune Landmark Hotel, Usmanpura, Ashram Road, Ahmedabad
Gujarat	Relief Road Ahmedabad	Bank Branch	Shop No-12A, 14-17, G-Floor, Shop No-110B, 110A, 11A, 11B, 109 1St Floor, Relief Arcad, Old Relief Cinema, Relief Road, Ahmedabad
Gujarat	Mani Nagar Ahmedabad	Bank Branch	Shop No 1/B Ground Floor, Satva Shakti, Pushpakunj Circle, Kankaria, Ahmedabad
Maharashtra	Ahmednagar	Bank Branch	Plot No. 101, T.P. Scheme No. 4, Saideep Executive, Ground Floor, Savedi, Ahmednagar
Rajasthan	Anasagar Road Ajmer	Bank Branch	Gurukripa Building, Anasagar Road, Chaupati Ke Samne, Ajmer
Maharashtra	Akola	Bank Branch	Shop No 1, Ratanlal Plot Nazul Sheet No 65, Mazul, Plot No 2/42, Madhumati Vihar, Akola
Madhya Pradesh	Alot	Bank Branch	Ward No 1, Malgodwn Road, Dhakad Trade Center, Kargil Square, Station Road, Alot
Rajasthan	Raghu Marg Alwar	Bank Branch	Khasra No. 2150, 2151, Raghu Marg, Lakhanda Wala Kua, Vishnu Priya, Opposite Govt. Children Hospital, Alwar
Haryana	Ambala	Bank Branch	6351/15, Nicholson Road, Ambala Cantt, Ambala
Maharashtra	Amravati	Bank Branch	Plot No 3&8, Sheet No 66, Upper Ground Floor, Shewalkar Complex, Rajapeth Chowk, Badnera Road, Amravati
Gujarat	Station Road Anand	Bank Branch	Ground Floor, Shop No 1-5, Shree Ram Arcade, Station Road, Anand
Gujarat	Ankaleshwar	Bank Branch	Shop No 12-13, Omkar 2 Complex, Station Road, Near Hotel Loards Plaza, GIDC, Ankaleshwar
Rajasthan	Anupgarh	Bank Branch	Plot No. 18, Near Ganesh Iron Store, Bikaner Road, Anupgarh
Madhya Pradesh	Ashta	Bank Branch	Kannod Road, Near Mann Cafe, Astha
Rajasthan	Asind	Bank Branch	Ward No. 14, Panchayat Samiti Road, Opposite Panchayat Samiti, Beem Road, Asind
Maharashtra	Jalna Road Aurangabad	Bank Branch	SMS Arcade Plot 1,2,3, CTS No 15187/A/1, Vidhya Nagar Sevenhills, Jalna Road, Aurangabad
Himachal Pradesh	Baddi	Bank Branch	Fauji Complex, Bank Square, Sai Road, Baddi
Rajasthan	Bagru	Bank Branch	Khasra No. 703, Baba Market, Link Road, Bagru

State Name	Branch Name	Branch Type	Address
Rajasthan	Balesar	Bank Branch	Khasra No. 843, Near Jodhpur Hospital, NH-114, Balesar
Rajasthan	Balotra	Bank Branch	Opposite Jat Samaj, New Bus Stand, Pachpadra Road, Balotra
Rajasthan	Bandikui	Bank Branch	Ward No. 10, Choudhary Plaza, Bandikui
Rajasthan	Bansur	Bank Branch	Patta No. 24, Narayanpur Road, Bansur
Rajasthan	Banswara	Bank Branch	Mohan Colony, Opposite Shri Nath Ashram, Udaipur Road, Banswara
Madhya Pradesh	Baraily	Bank Branch	Ward No 2, Jain Cycle Store, Near Bus Stand Main Road, Bareli
Maharashtra	Baramati	Bank Branch	Shop No 1 and Shop No 2, Ground Floor, Avdhoot Plaza, Survey No 279/1/B, Barmati, Pune
Rajasthan	Baran	Bank Branch	Charmurti Circle, Kota Road, Baran
MADHYA PRADESH	Barlai Jagir	Unbanked Branch	Sanwer Mainroad, Near Gram Panchayat, Vill - Barlai Jagir, Dist - Indore, Barlai Jagir
Rajasthan	Barmer	Bank Branch	Ground Floor & 2 Floor, Dev Tower, Near CMHO Office, Roy Colony Road, Barmer
Rajasthan	Barna	Unbanked Branch	Main Market Barna, Barna
Punjab	Barnala	Bank Branch	C-326, Near Old Bus Stand College Road, Barnala
Madhya Pradesh	Barwani	Bank Branch	98/10-Dkundia Palace, MG Road, Barwani, 1st Floor Anjad Naka, Badwani
Rajasthan	Bassi	Bank Branch	Khasra No. 1070 & 1071, Khadi Gram Udyog Sadan Vikas Samiti, Bassi
Punjab	Gurkashi Marg Bathinda	Bank Branch	MCBZ3/00908, Ground Floor, Opposite Sethi Petrol Pump, Goniana - Bathinda GT Road (Between Hanuman Chowk to Pukhraj Cinema), Bhatinda, Punjab
Gujarat	Bavla	Bank Branch	Shop No:105-107, Silver Plaza Complex, Below Hotel Kalasai, Bavla
Gujarat	Bayad	Bank Branch	Shop No 16-20, Shreeji Dada Complex, Near Market Yard, Modassa, Kapadwaj Road, Bayad
Rajasthan	Beawar	Bank Branch	8/243,Gali No 6, Mahaveer Ganj, Plot No B, Hotel Gangaur Jodhpur Road, Beawar
Rajasthan	Begun	Bank Branch	Khemka Building, Khasra No. 372/180, Tehsil Road, Begun
Rajasthan	Behror	Bank Branch	Goswami Sadan, Ward No 7, Court Road, Behror
Madhya Pradesh	Betul	Bank Branch	Abha Shree Hotel, Civil Lines, Betul
Rajasthan	Bhankrota	Bank Branch	Plot No 36, Neer Sagar Market, Bhankrota
Gujarat	Bhavnagar	Bank Branch	Plot 8B, Shop No 1&2, Sappire Prime, Opposite Daxinamurti School, Waghawadi Raod, Bhavnagar
Chhattisgarh	Supela Bhilai	Bank Branch	Plot No 7, Ward No. 5, Dahshin Gangotri, G.E Road, Near Ghadi Chowk, Supela, Bhilai
Rajasthan	Hira Panna Market Bhilwara	Bank Branch	Ward 13, Plot No. C1-C4, Hira Panna Market, Pur Road, Bhilwara
Rajasthan	Bhinder	Bank Branch	Ward No. 20, Near Chandra Lok Talkies, Station Road, Main Bhinder Road, Bhinder

State Name	Branch Name	Branch Type	Address
Rajasthan	Bhinmal	Bank Branch	Shop No: 1 to 6, Opposite Life Line Hospital, Sai Complex, Krishi Mandi Road, Bhinmal
Rajasthan	Bhiwadi	Bank Branch	A-2 Shakuntalam Tower, Bhagat Singh Colony, Bhiwadi
Madhya Pradesh	MP Nagar Bhopal	Bank Branch	Alankar Complex, Plot No 10, MP Nagar, Zone 2, Bhopal
Madhya Pradesh	Raisen Road Bhopal	Bank Branch	8-B, Govind Garden, Jindal Arcade, Raisen Road, Bhopal
Gujarat	Bhuj	Bank Branch	Ward No 5, Sheet No. 233, Jubilee Circle, City Survey No 687, House No M/47, Gujarat Housing Board, Bhuj
Rajasthan	Bhunas	Unbanked Branch	Bus Stand Bhunas, Sahada, Bhunas, Bhilwara
Madhya Pradesh	Biaora	Bank Branch	Near Guna Naka, Old AB Road, Biaora
Rajasthan	Bidara	Unbanked Branch	In Front of K P Automotive, Mangal Bhawan, NH 8, Bidara Mod, Shahpura
Rajasthan	Bidasar	Bank Branch	Ward No. 8, Post - Bidasar, District - Churu, Bidasar
Rajasthan	Bijainagar	Bank Branch	Khasra No 29, Plot No 25, Near Railway Phatak, Gulabpura Road, Bijaynagar
Rajasthan	Bijoliya	Bank Branch	Patta No. 333, Near Bus Stand, Bijoliya
Rajasthan	Rani Bazar Bikaner	Bank Branch	Patta No. 172, Hotel Laxmi Residency, Rani Bazar, Bikaner
Rajasthan	Pawan Puri Bikaner	Bank Branch	B-K-9, Pawan Puri, Bikaner
Chhattisgarh	Gayatri Nagar Bilaspur	Bank Branch	Mauja - Talapara, PH Number - 35 A, Ward Number - 101, Opppsite Gumber Petrol Pump, Bharti Nagar Chowk, Talapara, Vyapar Vihar Road, Gayatri Nagar, Bilaspur
Madhya Pradesh	Bishniya	Unbanked Branch	Suhasra Mandsaur Main Road Dak Bangla, Village - Bisniya, Tehsil - Sitamahu
Rajasthan	Bisrasar	Unbanked Branch	Near Thakurji Mandir, Bisrasar
Gujarat	Bodeli	Bank Branch	Shop No 1 -4, Agarwal Complex, Dabhoi Road, Alipura, Bodeli
Maharashtra	Boisar	Bank Branch	Ground Floor, White House, Tarapur Road, Boisar
Gujarat	Borsad	Bank Branch	Near Ratan Park Society, Bus Stand Road, Borsad
Rajasthan	Bundi	Bank Branch	Khasra No 1738/160,1741/161, Near Khoja Gate Circle, Civil Line Road, Bundi
Rajasthan	Chaksu	Bank Branch	Kotkhavada Mod, Near Shyam Tower, Chaksu
Rajasthan	Chakwada	Unbanked Branch	Main Bus Stand, Chakwada
Rajasthan	Chamawali	Unbanked Branch	Main Lakheri, Bundi Road, Chamawali
Chandigarh	Sector 8C Chandigarh	Bank Branch	SCO 45-46, Sector 8C, Chandigarh
Maharashtra	Chandrapur	Bank Branch	Block No 11, Plot No 13/1, Opposite Police Headquaters, Chandrapur
Rajasthan	Chhabra	Bank Branch	Opposite Krishi Upaj Mandi, Station Road, Chhabra
Rajasthan	Chharsa Mod	Unbanked Branch	Main Bus Stand, Chharsa Mod
Madhya Pradesh	Chhatarpur	Bank Branch	Ground and 1st Floor, Plot No 187-189, Ward No 30, Cristal House, Jawahar Road, Chhatarpur
Madhya Pradesh	Chhindwara	Bank Branch	Shree Krishna Tower, Adarsh Nagar, Parasia Road, Chhindwara
Maharashtra	Chiplun	Bank Branch	Shop No 1,2,3,4, Tamhane Chambers, Vireshwar Darshn, Vireshwar Colony, Chiplun
Rajasthan	Chirawa	Bank Branch	Navin Tower, Pilani Road, Chirawa

State Name	Branch Name	Branch Type	Address
Rajasthan	Chittorgarh	Bank Branch	Plot No.14-15C, Kumbha Nagar, Chittorgarh
Rajasthan	Chokdi	Unbanked Branch	Kumhao Ka Bas, Gram Post, Chokri Kala, Chokari Kalan, Jodhpur
Rajasthan	Chomu	Bank Branch	Ground And First Floor Shop No.1-3 &13-15, Basant Plaza, Morija, Near Krishimandi, Chomu
Rajasthan	Chouhtan	Bank Branch	Station Road, Pepli Chowk, Bhakhasar Road, Chouhtan
Rajasthan	Churu	Bank Branch	Ward 24, Near Hotel Natraj, Purani Sadak, Churu
Gujarat	Dahod	Bank Branch	1st Floor, GLK Tower, Near Bus Depot, Station Road, Dahod
Rajasthan	Dantaramgarh	Bank Branch	Ward No. 10, Near Hospital, Main Darwaja, Main Market, Dantaramgarh
Rajasthan	Dausa	Bank Branch	Shop No. 40/1 & 40/2, N.H. - 11, Agra Road, Khasra No. 1423, Dausa
Gujarat	Deesa	Bank Branch	Shop No. 7-11, Pitham Complex, Below City Plaza Hotel, Near Sports Club, Old Bus-Stand Road, Deesa
Rajasthan	Degana	Bank Branch	Kilak Complex, Opposite Middle Girls School, Near Deputy Office, Degana
Delhi	Karol Bagh Delhi	Bank Branch	X/200, B/M, Gurudwara Road, Nai Walan, Karol Bhag, Delhi
Delhi	Laxmi Nagar Delhi	Bank Branch	A8, Priyadarshni Vihar, Patparganj Road, Laxmi Nagar, Delhi
Delhi	Yamuna vihar Delhi	Bank Branch	C 3/67 A, Yamuna Vihar, Delhi
Delhi	Rohini Delhi	Bank Branch	Plot No. 28, Pocket E2, Sector 7, Rohini, Delhi
Delhi	East of Kailash Delhi	Bank Branch	F-4, Ground Floor, East of Kailash, Delhi
Delhi	Dwarka Delhi	Bank Branch	Building No 24, Plot No 24, Sector 12A, Dwarka, Delhi
Delhi	Janakpuri Delhi	Bank Branch	A 3/34, Janakpuri, Delhi
Delhi	Derawal Nagar Delhi	Bank Branch	B - 15, Derawal Nagar, Delhi
Delhi	Pitampura Delhi	Bank Branch	46, Harsh Vihar, Pitampura, Delhi
Delhi	Paschim Vihar Delhi	Bank Branch	A-3, 314, Opposite Petrol Pump, Near Jawalaheri Market, Paschim Vihar, Delhi
Gujarat	Deodar	Bank Branch	Shop No. 21, 22 Near Govt. Guest House, Near Taxi Stand, Jalaram Park Society, Police Station Road, Deodar
Rajasthan	Deoli	Bank Branch	Ward No.16, Plot No. 22, Main Road, Deoli
Madhya Pradesh	Dewas	Bank Branch	Gulab Shree, Shop No 18-20, Jawahar Nagar, Indore Dewas Road, Dewas
Chhattisgarh	Dhamtari	Bank Branch	Vijay Plaza, Beside Menonote Church, Bastar Road, Dhamtari
Madhya Pradesh	Dhar	Bank Branch	Magajpura Road, A-1 & A-2, Saint Teresa Campus, Dhar-Indore Road, Dhar
Maharashtra	Dhule	Bank Branch	Lane No.6, Ganesh Plaza, City Survey No. 2101, House No.386, Opposite D.Y. Mahayan Hospital, Dhule
Rajasthan	Didwana	Bank Branch	Old Eidgah Road, Didwana
Rajasthan	Dudu	Bank Branch	Shiv Auto Agency, Main Chauraha, Jaipur Road, Dudu
Rajasthan	Shri Dungargarh	Bank Branch	Ward No. 12, Station Road, Near Old Power House, Sri Dungargarh
Rajasthan	Dungarpur	Bank Branch	Patta No. 220, Khasra No. 1030/5/51, Near Bus Stand, Dungarpur

State Name	Branch Name	Branch Type	Address
Haryana	Faizabad	Unbanked Branch	Village - Faizabad, Narnaul, Mahendragarh, Haryana
Haryana	Faridabad	Bank Branch	Ground Floor, Plot No -15, Sector-16, Huda Market, Faridabad
Punjab	Faridkot	Bank Branch	M.C. No. B-6/65 Min, Mohalla Talaab, Faridkot
Rajasthan	Fatehnagar	Bank Branch	Ward No- 12, Near Post Office, Fatehnagar, Udaipur
Rajasthan	Fatehpur	Bank Branch	Ward No.19, Parturam Ji Chakki Ke Pass, J.P. Tower, Fatehpur
Punjab	Fazilka	Bank Branch	Property No. 41, Radhaswami Colony, Painchan Wali, Tehsil - Fazilka
Punjab	Firozpur	Bank Branch	House No. ES-22/22, Bagdadi Gate, Circular Road, Firozpur
Rajasthan	Gailpur	Unbanked Branch	Khasra No 304, Bus Stand Ke Pass, Gailpur
Gujarat	Gandhidham	Bank Branch	Sai Complex, Ground Floor, DBZ S-137, Near Banking Circle, Gandhidham
Gujarat	Gandhinagar	Bank Branch	Plot No 171, Shop No. 1-5, 101-102, Shubh Complex, Sector 21 Gandhinagar, Opposite Sabarmati Gas Ltd, Gandhinagar
Rajasthan	Gangapur	Bank Branch	Ward No 8, Shop No 1 - 5, Bhut Bavji Ke Pass, Gali No 3, Gangapur
Madhya Pradesh	Ganj Basoda	Bank Branch	Ward No.7, Plot No. 2020-2022, Har Ganga Bhawan, Bareth Road, Ganj Basoda
Rajasthan	Gathwari	Bank Branch	Deep House, Ghatwari, Near Main Bus Stand, Dausa Highway ,Ghatwari
Uttar Pradesh	Raj Nagar Ghaziabad	Bank Branch	C 29, RDC, Raj Nagar, Ghaziabad
Goa	Margao Goa	Bank Branch	Shop No UGF 11,12 Vasanta Aracade, Matriz No.1317, Survey Off. Chalta No 96, Sheet No 214, Comba Bogtancho Dando, Margao, Goa
Gujarat	Godhra	Bank Branch	Shop No F/5 & F/6, Ground Floor, Landmark Complex, Prabha Road, Godhra
Maharashtra	Gondia	Bank Branch	39/148 Fulchur Road, Gandhi Pratima, Gondia
Rajasthan	Gotan	Bank Branch	Gotan Station, Merta City Road, Gotan
Madhya Pradesh	Guman Pura	Unbanked Branch	Shevri Dharamshala, Gumanpura, Ardarpur, Dhar
Haryana	Urban Estate Gurgaon	Bank Branch	SCO- 47, Commerical Sector, Old Judicial Complex, Urban Estate-007, Gurgaon
Haryana	Sohna Road Gurgaon	Bank Branch	Ground floor 5,6,7 Ninex City Mart, Sector 49, Sohna Road, Gurgaon
Rajasthan	Hanumangarh	Bank Branch	Shop No- 2, 3 Dillon Complex, Deep Colony, Hanumangarh
Rajasthan	Hanuthpura	Unbanked Branch	Main Chowk, Hanuthpura, Shahpura
Rajasthan	Hathideh	Unbanked Branch	Main Bus Stand, Hathideh, Sri Madhopur
Rajasthan	Heerawala	Unbanked Branch	59-62, Main bus Stand, Jamwa Ramgarh Road, Heerawala, Jamwa Ramgarh
Gujarat	Himatnagar	Bank Branch	Shop No. 1 to 5, Ground Floor, Ashok Vatika, Sahkari Jin Road, Himmat Nagar
Haryana	Hisar	Bank Branch	SCO-181, Sector C.U.E -I, Red Square Market, Hisar
Madhya Pradesh	Hoshangabad	Bank Branch	AL Hafeez Tower, Plot No 34/21, Street No. 41, Anand Nagar, Hoshangabad

State Name	Branch Name	Branch Type	Address
Punjab	Hoshiarpur	Bank Branch	Scheme No.11, Premgarh Chandigarh Road, Hoshiarpur
Gujarat	Idar	Bank Branch	Satyam Complex, CS No.6615-6620, Mouje Idar, Main Ambaji Highway, Idar
Madhya Pradesh	AB Road Indore	Bank Branch	SD Arcade, Upper Ground Floor, Plot No.5, PO 3, Scheme-54 AB Road, Indore
Madhya Pradesh	Bhanwar Kuan Road Indore	Bank Branch	G-16 ,G-22,G-17,G-21, Veda Complex, Near Apple Hospital, Bhanwar Kuan Road, Indore
Madhya Pradesh	Jabalpur	Bank Branch	Plot No. 6/2, H.No. 780/1, Ward No. 3, Swami Dayanand Saraswati, Jabalpur
Rajasthan	Ambabari Jaipur	Bank Branch	C-55, Subh Laxmi, Near Maharishi Arvind Institute, Ambabari, Jaipur
Rajasthan	Johari Bazar Jaipur	Bank Branch	Shop No 305, 306 Johari Bazar, House No.3946, Barathi Bhawan, MSB Ka Rasta, Jaipur
Rajasthan	VKI Jaipur	Bank Branch	Shop No G1, ARG North Avenue, Sikar Road, Jaipur
Rajasthan	Vaishali Nagar Jaipur	Bank Branch	10, Shivraj Niketan, Gautam Marg, Vaishali Nagar, Jaipur
Rajasthan	C Scheme Jaipur	Bank Branch	Shop No 5, 6 Ground Floor, Axis Mall, Bhagwan Das Road, C-Scheme, Jaipur
Rajasthan	Malviya nagar Jaipur	Bank Branch	Ground Floor, Plot No 3, Gem Enclave, Guru Nanak Path, Calgiri Marg, Malviya Nagar, Jaipur
Rajasthan	Bapu Nagar Jaipur	Bank Branch	B 22-23, Badjatya Complex, Janta Store Central Market, Bapu Nagar, Jaipur
Rajasthan	Mansarovar Madhyam Marg Jaipur	Bank Branch	28-33, Shopping Centre Sector 9, Madhyam Marg, Jaipur
Rajasthan	Gopalpura Bypass Jaipur	Bank Branch	Plot No 22 To 25, 91,92, Gopal Nagar A, Ashok Vihar Ext., Gopalpura By Pass, Jaipur
Rajasthan	Pratap Nagar Jaipur	Bank Branch	Plot No A, Sector-8, Haldighati Marg, Main Tonk Road, Pratap Nagar, Jaipur
Rajasthan	Raja Park Jaipur	Bank Branch	Business Avenue, B-12, Govind Marg, Raja Park, Jaipur
Rajasthan	Hathroi Jaipur	Bank Branch	Plot No C-6, Harikishan Somani Marg, Hathroi, Ajmer Road, Jaipur
Rajasthan	Kalwar Road Jaipur	Bank Branch	Plot No. 2, Kalyan Kunj, Scheme No. 12, Kanta Choraha, Kalwar Road, Jhotwara, Jaipur
Rajasthan	Shyam Nagar Jaipur	Bank Branch	A169, New Sanganer Road, Shyam Nagar, Jaipur, Rajasthan
Rajasthan	DCM Jaipur	Bank Branch	Diamond Tower, G1 - G4, Ajmer Road, Neekanth Colony, Jaipur, Rajasthan
Rajasthan	Tonk Road Jaipur	Bank Branch	Plot No. 1 and 2, Jai Jawan Colony, Tonk Road, Jaipur
Rajasthan	Jaisalmer	Bank Branch	Satya Kunj, Shiv Road, Jaisalmer
Rajasthan	Jaiswan	Unbanked Branch	Jaiswan, Post - Kelwara, Tehsil - Kishanganj, Baran, Rajasthan
Rajasthan	Jaitaran	Bank Branch	Charbhuja Complex, Opposite Hanuman Temple, Nimaj Road, Near Bus Stand, Jaitaran
Punjab	Model Town Jalandhar	Bank Branch	604, Kathuria's, Model Town, Opposite Gurudwara Sahib, Jalandhar
Maharashtra	Jalgaon	Bank Branch	64 Jillha Peth, Pande Chowk, Near Lunka Tower, Jalgaon
Maharashtra	Jalna	Bank Branch	Raj Building, Head Post Office, Opposite Amber Hotel, Shivaji Putla, Jalna

State Name	Branch Name	Branch Type	Address
Rajasthan	Jaloki	Unbanked Branch	39-RB, Main Road, Village - Jaloki, Tehsil - Pandampu
Rajasthan	Jalore	Bank Branch	Plot No.6, Bagoda Road, Kasturba Colony, Jalore
Gujarat	Jamnagar	Bank Branch	Ground Floor, Shop No-4 & 5, Madhav Square, Opposite Tulshi Hotel, Lal Buglow Road, Jamnagar
Rajasthan	Jawanpura	Unbanked Branch	Jawanpura Bus Stand, Jawanpura
Rajasthan	Jawasiya	Unbanked Branch	Village Post – Jawasiya, Tehsil-Gangrara
Gujarat	Jetpur	Bank Branch	Plot No-62, City Survey No-2031/A, First Floor, Kanakiya Plot, Jetpur
Rajasthan	Jhalawar	Bank Branch	Near Nirbhay Singh Circle, Jhalawar
Rajasthan	Jhunjhunu	Bank Branch	Shop No. 4 - 8, Vinayak Complex, Near Maharaja Hotel, Ghandi Chowk, Jhunjhunu
Rajasthan	Jobner	Bank Branch	Ward No. 14, Opposite Police Station, Jakhar Complex, Kalwar Road, Jobner
Rajasthan	Nai Sadak Jodhpur	Bank Branch	Shop No G2 to G4. Satra Plaaza, Nai Sadak, Jodhpur
Rajasthan	PWD Colony Jodhpur	Bank Branch	Plot No C-43A 2, PWD Colony, Jodhpur
Gujarat	Junagarh	Bank Branch	Shop No 23,24, Kalpavrush Commercial Complex, Opposite Yamuna Wadi, Zanzarda Road, Junagarh
Haryana	Kaithal	Bank Branch	Raj Arjun Plaza, Opposite Sanjeevani Hospital, Ambala Road, Kaithal
Gujarat	Kalol	Bank Branch	Shop No. 8, 9 (GF) Shop No. F/12-13-23-24, (FF), BT Mall, Navjeevan Mill Compound, Kalol, Gandhinagar
Rajasthan	Kalwa Bara	Unbanked Branch	Opposite Gram Panchayat, Kalwa Bara, Tehsil - Makrana
Maharashtra	Kalyan	Bank Branch	Shop No A/1A, Building 3, CTS No 3427/30,3431/33/34, Near Fortis, Kalyan West Thane, Kalyan
Maharashtra	Kankavli	Bank Branch	Municipal House No. 499 B(3)/499 A(1), Opposite Prant Office, Kankavli, Distt. - Sindhudurg
Chhattisgarh	Kanker_Asset centre	Unbanked Branch	Up & Down Road, Civil Line Mahurband Para Road, Near Vishwakarma Auto Parts, Kanker Road, Kanker
Haryana	Karnal	Bank Branch	SCO- 240, Sector 12, Part 1, Urban Estate, Karnal
Gujarat	Kathlal	Bank Branch	Shop No. 20 & 21, Madhav Complex, Near Swagat Hotel, Ahmedabad Road, Kathlal
Madhya Pradesh	Katni	Bank Branch	Ground and First Floor, Ward No. 29, Plot No.45/1 New 42, Jabalpur Road, Bargawn, Katni
Chhattisgarh	Kawardha_Asset centre	Unbanked Branch	Ground Floor, Thakur Dev Chowk, Raipur Road, Kawardha, Chhattisgarh
Rajasthan	Keer ki chowki	Unbanked Branch	Keer Ki Chowki, Bhinder, Udaipur
Rajasthan	Kekri	Bank Branch	Plot No. 242, Opposite Sethi Complex, Sapanda Road, Kekri
Rajasthan	Khandela	Bank Branch	Khasra No. 132, Barsinghpura Road, Khandela Bypass, Khandela
Madhya Pradesh	Khandwa	Bank Branch	Anand Nagar, Ward No. 50, Main Road, Khandwa
Punjab	Khanna	Bank Branch	Block No 1/A, Ward No 23, Near Panesar Kanda, Municipal Council Area, Khanna

State Name	Branch Name	Branch Type	Address
Madhya Pradesh	Khargone	Bank Branch	Shop No. C-11, Radha Vallabh Market, Ward No 9, Khargone
Madhya Pradesh	Khategaon	Bank Branch	NH 59A, Narmada Marg, Kannod Road, In Front of Bharat Petrol Pump, Khategaon
Rajasthan	Khejroli	Bank Branch	Lakhasra No. 2363/1, Near Santosh Tractor, Chomu Road, Khejroli
Rajasthan	Khetri	Bank Branch	Near Govt College, Neem Ka Thana Road, Khetri
Rajasthan	Khuri	Unbanked Branch	NH11, Khuri
Rajasthan	Kishangarh	Bank Branch	Shop No. 9,10, Bhatt Guest House, Jaipur Road, Madanganj, Kishangarh
Rajasthan	Kishangarh Bas	Bank Branch	Khasra No. 512, Tijara Road, Kishangarh Bas
Rajasthan	Kolayat	Bank Branch	Patta No. 443, Misal No. 24, Opposite Government Hospital, Kolayat
Maharashtra	Kolhapur	Bank Branch	CTS No:-517, Shop No 83-85, 93-96, Gemstone Building, Vicharecomplex E Ward, New Shahupuri, Near Central Bus Stand, Kolhapur
Chhattisgarh	Korba	Bank Branch	Plot No. 82, Indira Commercial & Residential Complex, TP Nagar, Korba
Rajasthan	Ghodewala Circle Kota	Bank Branch	Plot No. 385, Shoping Center, Ghodewala Circle, Kota
Rajasthan	Talwandi Circle Kota	Bank Branch	2-C-7, Talwandi Circle, Kota
Rajasthan	Kotputli	Bank Branch	Shri Ganesh Enterprises, Opposite Nagar Palika Park, Punjabi Sindhi Colony, Kotputli
Rajasthan	Kuchaman City	Bank Branch	Khasara No. 907, 908, Kuchaman Deedwana Road, Kuchaman City
Haryana	Kurukshetra	Bank Branch	Opposite Vishkarma Mandir, Railway Road, Kurukshetra
Rajasthan	Laporiya	Unbanked Branch	Village - Laporiya, Post - Gagardoo, Tehsil - Dudu
Maharashtra	Latur	Bank Branch	City Sy. 9909/2, Opposite Haunman Mandir, Near Water Tank, Barshi Road, Latur
Rajasthan	Luniyawas	Unbanked Branch	Yadav Complex, Opposite Pani Ki Tanki, Badhal Road, Village Post - Luniyawas, Tehsil - Kishangarh, Renwal
Punjab	Pakhowal Road Ludhiana	Bank Branch	SCO No- 1-C, Kanal Colony, Karabara, Pakhowal Road, Ludhiana
Gujarat	Lunawada	Bank Branch	Mehta Complex, Opposite Lilavati Hospital, Godhra-Lunawada Highway, Lunavada
Rajasthan	Lunkaransar	Bank Branch	Shop No. 152, New Dhan Mandi, Lunkaransar
Madhya Pradesh	Mandla	Bank Branch	Nehru Smarak, Civil Lines, Mandla
Rajasthan	Mandoli	Unbanked Branch	Mandoli Nagar,Mandoli, Jalore
Madhya Pradesh	Mandsaur	Bank Branch	Station Road, Near Tirupati Plaza, Mandsaur
Punjab	Mansa	Bank Branch	Khasra No. 670 (0-17), Water Works Road, Opposite Mansa Club, Mansa
Rajasthan	Maval	Unbanked Branch	Maval, Abu Road
Gujarat	Mehsana	Bank Branch	Plot No 3A, Sheet No 18, Chalta No 138, City Survey No 5598, Ahmedabad Highway, Mehsana
Rajasthan	Merta City	Bank Branch	Krishimandi Road, Nagaur Choki, Merta City
Gujarat	Modasa	Bank Branch	Shop No. A7, A8, CTS No. 509 Paiki 1, Shamalaji Road, Modasa

State Name	Branch Name	Branch Type	Address
Punjab	Moga	Bank Branch	Sector 25, Improvement Trust Market, GT Road, Moga
Punjab	Phase No. Vii Mohali	Bank Branch	SCF 20, Phase No. - VII, Sas Nagar, Mohali
Gujarat	Morbi	Bank Branch	Ram Chowk, Sanala Road, Opposite K K Steel, Morbi
Punjab	Muktsar	Bank Branch	SCF 54, New Grain Market, Near Karnail Cinema, Muktsar
Maharashtra	Andheri Kurla Road Mumbai	Bank Branch	Shop No 16, Ground Floor, Kanakia Zillion, LBS-CST Road, Junction, BKC Annexe, Kurla(W), Mumbai
Maharashtra	Borivali Mumbai	Bank Branch	New CTS No 637 A, Shivalaya, Chanda Varkar Road, Borivali, Mumbai
Maharashtra	SV Road Mumbai	Bank Branch	Shop No 8 -12, Ground Floor, Madina Manzil Building, SV Road, Goregoan West, Mumbai
Maharashtra	Kharghar Mumbai	Bank Branch	Shop No. 70, Patel Heritage, Hiranandani Kharghar, Mumbai
Gujarat	Nadiad	Bank Branch	103, Gravity Complex, Opposite Amba Ashram, College Road, Nadiad
Rajasthan	Nagaur	Bank Branch	Opposite Aditya Hotel, Hanuman Bagh Road, Nagaur
Maharashtra	Nagpur	Bank Branch	Block No 4/25 Gandhi Grain Market, CA Road Telephone Exchange Square, Nagpur
Punjab	Nakodar	Bank Branch	Khasra No.620/(0-11), Nurmahal Road, Nakodar-1, H.B. No. 31, Jalandhar, Nakodar
Rajasthan	Nand	Unbanked Branch	Opposite Government Hospital, Nand, Pushkar, Tehsil - Ajmer
Maharashtra	Nanded	Bank Branch	City Survey No. 3330, Sheet No. 203, Gilda Complex, Opposite SP Office, Vazirabad Chowk, Near Woodland, Nanded
Maharashtra	Narayangaon	Bank Branch	S.No 292 (264) (2B)3, Somvanshi Building, Pune-Nasik Highway, Naraingaon, Tehsil - Junnar, Pune
Haryana	Narnaul	Bank Branch	Opposite District Library, Rewari Road, Narnaul
Maharashtra	Nashik	Bank Branch	Shop No.2, Rushiraj Regency, Opposite Mama Mungi Mangal Karyalay, Patil Colony, Gangapur Road, Nashik
Rajasthan	Nasirabad	Bank Branch	Shop No. 1204, Subhash Ganj, Anaj Mandi, Nasirabad
Madhya Pradesh	Nasrullaganj	Bank Branch	Ward No 15, Rishi Nagar, Bhopal Road, Nasrullaganj
Gujarat	Navsari	Bank Branch	Shop No. G-1, G-2, G-3, G-4, Rockies Apartment, Station Road, Navsari
Rajasthan	Nawa	Bank Branch	Shree Ram Sadan, Jaipur Sikar Road, Nawa City
Rajasthan	Nawalgarh	Bank Branch	Ward No. 6, Naharsingh Park Ke Pass, Main Market, Nawalgarh
Punjab	Nawanshahr	Bank Branch	Gujjar Pur Kalan, Banga Road, Nawanshahr
Rajasthan	Neem Ka Thana	Bank Branch	Plot No 16, Zone B, Shivam Plaza, Kapil Mandi, Near Dharm Kata, Neem Ka Thana
Madhya Pradesh	Neemuch	Bank Branch	Ward No 29, Ambedkar Road Colony No14/3, Plot 51 Near LIC Office, Neemuch
Rajasthan	Nohar	Bank Branch	Ward No. 22, Bhihani Road, Nohar

State Name	Branch Name	Branch Type	Address
Uttar Pradesh	Sector 18 Noida	Bank Branch	F32, Sector 18, Noida
Rajasthan	Nokha	Bank Branch	House No. 728, Opposite Janta Dharmkanta, Bikaner Road, Nokha
Rajasthan	Osian	Bank Branch	Main Station Road, Near Post Office, Ganpati Plaza, Osian
Rajasthan	Paaldi	Unbanked Branch	New Bus Stand, Village Post - Paaldi, Jaipur
Rajasthan	Pachkodiya	Unbanked Branch	1st Floor, Renwal Road, Near Yadav Dhaba, Main Bus Stand, Pachkodiya, Jobner
Gujarat	Palanpur	Bank Branch	Trimurti Complex, Opposite Income Tax Office, Abu National Highway, Palanpur
Rajasthan	Pali	Bank Branch	24, Mahaveer Marg, Opposite Town Hall, Ward No 25, Pali
Madhya Pradesh	Pandhurna	Bank Branch	Khasra No. 217/31, Shastri Ward, Near Hotel Aditya Residency, Bus Stand, Pandhurna
Haryana	Panipat	Bank Branch	Ward No.19, Dayal Property, G.T. Road, Near Mid Town Hotel, Panipat
Rajasthan	Paota	Bank Branch	NH 8, Near Bus Stand, Paota
Rajasthan	Parbatsar	Bank Branch	First Floor, Ramapeer Complex, Near Rathi Petrol Pump, Kishangarh Road, Parbatsar
Gujarat	Patan	Bank Branch	City Survey No. 1639, Sheet No. 131, Santokba Hall of Gunagadiparti, Rajmahal Station Road, Near Patan Railway Station, Patan
Haryana	Pataudi	Bank Branch	RJS Plaza, Opposite New Anaj Mandi, Hailymandi, Pataudi Road, Pataudi
Punjab	Ram Bagh Patiala	Bank Branch	SCO 8, Ground Floor, Ram Bagh, Near Leela Bhawan Chowk, Patiala
Rajasthan	Phagi	Bank Branch	Patta No. 93, Jaipur Road, Phagi
Rajasthan	Phalodi	Bank Branch	Jangir Plaza, Nagaur Road, Phalodi
Maharashtra	Aundh	Bank Branch	Shop No. 102 &103, Plot No. 96/2 and 97, CTS No. 1132, 1133, New Survey No. 184, Anand Park, Aundh, Pune
Rajasthan	Pipar	Bank Branch	Patta No. 2281/89, Ambedkar Circle, Opposite Old Bus Stand, Khejrala Road, Pipar
Madhya Pradesh	Pithampur	Bank Branch	Shop No. UG 09-11, UG 42-44, FF 09-11 & 42-44, Pithampur Trade Center, Chhatrachaaya Colony, Sector 1, Pithampur
Rajasthan	Pokaran	Bank Branch	Falsund Choraha, Jodhpur Road, Pokaran
Rajasthan	Pratapgarh	Bank Branch	B-2, High School Road, Zero Mile Road, Pratapgarh
Maharashtra	Kharadi Hadapsar	Bank Branch	Shop No 10, Wing No. B, Opposite Reliance Mart, Kharadi, Hadapsar
Maharashtra	FC Road Pune	Bank Branch	Nandadeep Apartment, City Survey No. 1195/1, FP No.551/1, Shivajinagar, Near Tukaram Paduka Chowk, FC Road, Pune
Chhattisgarh	Fafadih Chowk Raipur	Bank Branch	Plot No. 22, Sheet No. 9, Near Daga Petrol Pump, Fafadik Chowk, Raipur
Madhya Pradesh	Raisen	Bank Branch	Ward No. 15, Khasra No.193, Arjun Nagar, Sagar Road, Raisen
Rajasthan	Raisinghnagar	Bank Branch	Shop No. 82 & 83, Grain Market, Raisinghnagar
Rajasthan	Raiwana	Unbanked Branch	Raiwana, Neemrana

State Name	Branch Name	Branch Type	Address
Haryana	Rajepur	Unbanked Branch	4th Floor, Pathera Road, Rajepur, Indri, Karnal, Rajepur
Gujarat	Sadar Patel Marg Rajkot	Bank Branch	J1 Complex, Ground Floor, Near Balaji hall, Besides Pathank school, 150 Feet Ring Road, Rajkot
Rajasthan	Rajsamand	Bank Branch	Ward No. 18, Opposite Surabhi Complex, Jalehakki Nathdwara Road, Kankroli, Rajsamand
Rajasthan	Ramganj Mandi	Bank Branch	Khasra No.61, Raonsli Circle, Bazar No.1, Panchmukhi Road, Opposite Anajmandi, Ramganj Mandi
Rajasthan	Ratangarh	Bank Branch	Near Monahar Das Ji Ki Samadi, Link Road, Ratangarh
Madhya Pradesh	Ratlam	Bank Branch	Plot No 3, Nazar Bagh, Bank Colony, Ratlam
Maharashtra	Ratnagiri	Bank Branch	Siddhi Vinayak Residency, Shop No. 1 & 2, B Wing, Airport Road Mazgaon, Ratnagiri
Rajasthan	Rawatsar	Bank Branch	Plot 12, Eastern Part, Dhanmandi, Hanuman Garh Road, Rawatsar
Rajasthan	Reengus	Bank Branch	Reengus Bus Stand Road, Reengus
Maharashtra	Rehnal	Unbanked Branch	Unit No. 1, Pratibha Complex, Rehnal, Bhiwandi, Thane
Rajasthan	Renwal	Bank Branch	Ward No. 13, Chomu Bazar Road, Agrasen Market, Renwal
Rajasthan	Reodar	Bank Branch	Patta No. 94, Mega Highway, Reodar
Madhya Pradesh	Rewa	Bank Branch	32, C Hedgewar Nagar, In Front Of Radio Colony, Rewa
Haryana	Rewari	Bank Branch	6393/E-1, Opposite Hero Showroom, Near Dharuheda Chungi, Circular Road, Rewari
Haryana	Sonpat Stand Rohtak	Bank Branch	1152/22, Delhi Rohtak Road, Near Sonpat Stand, Rohtak
Rajasthan	Sagwara	Bank Branch	Dungarpur Road, Sagwara
Rajasthan	Sahajrasar	Unbanked Branch	Near Mata Ji K Mandir, Sahajrasar
Rajasthan	Sahwa	Bank Branch	Ward No 16, Near Old Bus Stand, Sahwa (Taranagar), Churu
Rajasthan	Salumber	Bank Branch	Near High Secondary School, Ward No. 2, Mata Ki Ser Salumber, Salumber
Maharashtra	Sangamner	Bank Branch	Dattashilla Complex, First Floor, Opposite Malpani Plaza, Janta raja Road, Sangamner
Maharashtra	Sangli	Bank Branch	City Survey No 1076 North, Shivaji Nagar, College Corner, Sangli
Rajasthan	Sangod	Bank Branch	Khasra No. 789, Ward No.8, Kota Road, Sangod
Punjab	Sangrur	Bank Branch	Gaushala Road, Opposite Grain Market, Sangrur
Rajasthan	Sardarshahar	Bank Branch	Duggar Vidyalaya Road, Opposite Terapant Bhawan, Sardarshahar, District - Churu, Rajasthan
Rajasthan	Sarwar	Bank Branch	Ward No.1, Link Road, Sarwar
Maharashtra	Satara	Bank Branch	7/12, Survey No.311/20/3, Radhika Road, Opposite Kanchan Apartment, Parshwa, Vaibhav Properties, Satara
Madhya Pradesh	Satna	Bank Branch	Ground & Second Floor, Satna Plaza, Rewa Road, Satna
Rajasthan	Sawai Madhopur	Bank Branch	Khasra No. 331, Plot No. 20 A, Indira Colony, Sawai Madhopur
Rajasthan	Shahpura	Bank Branch	Hanumant Plaza, Old Delhi Road, Opposite Nagar Palika, Shahpura

State Name	Branch Name	Branch Type	Address
Madhya Pradesh	Shamgarh	Bank Branch	Choudhary Complex, Garoth Road, Shamgarh
Himachal Pradesh	Shimla	Bank Branch	2, Arggle House, The Mall Road, Shimla
Maharashtra	Shrirampur	Bank Branch	CTS No. 1370A/9, Plot No. 1180, Hotel Sunmoon, Bandukgar, Sagamner Road, Shrirampur, Ahmadnagar
Madhya Pradesh	Shujalpur	Bank Branch	Ward No. 17, M G Road, Shujalpur
Rajasthan	Sikar	Bank Branch	Near Taparia Bagichee, Station Road, Next to Janana Hospital, Sikar
Rajasthan	Sirohi	Bank Branch	Plot No 126, KP Tower, Ground Floor, Sirohi Road, Opposite Sanjivini Hospital, Sirohi
Haryana	Sirsa	Bank Branch	Property No. B16/ 1106, 1105, Kar House, Opposite Bajaj Showroom, Dabwali Road, Sirsa
Himachal Pradesh	Solan	Bank Branch	Global Electronics, Rajgarh Road, Solan
Maharashtra	Saraswati Chowk Solapur	Bank Branch	Shop No 1, City Corner, Phase –II, 8793 Murarji Peth, Saraswati Chowk, Solapur
HARYANA	Sonipat	Bank Branch	Shop No 3 and 4, Nagar Palika Market, Altas Road, Sonipat
Rajasthan	Shri Ganganagar	Bank Branch	Melody House 25A, Public Park, Ravindra Path, Sriganganagar
Rajasthan	Sri Madhopur	Bank Branch	Station Road, Ward No 7, Sri Madhopur
Rajasthan	Sri Vijainagar	Bank Branch	Plot No. 28, Gol Bazar, Near PD Arora Hospital, Sri Vijainagar
Rajasthan	Sujangarh	Bank Branch	Ward No. 29, Station Road, Sujangarh
Rajasthan	Sumerpur	Bank Branch	Plot No. 7 & 8, First Floor, Pali Road, Sumerpur
Gujarat	Ring Road Surat	Bank Branch	Shop No G-1, Sakar Textile Market, Near Sahara Darwaja, Ring Road, Surat
Gujarat	Vesu Surat	Bank Branch	Shop No-G9, SNS Platina, Opposite Reliance Hyper Market, Vesu, Surat
Rajasthan	Suratgarh	Bank Branch	Bikaner Road, Suratgarh
Gujarat	Surendranagar	Bank Branch	City Centre, Shop No 3-5, Opposite M P Shah Arts & Science College, Surendranagar
Rajasthan	TAKHAT HAZARA	Unbanked Branch	Ward No 8, Phatak Ke Pass, Takhat Hazara, Sadulshahar
Rajasthan	Taranagar	Bank Branch	Ward No.3, Sheetla Chowk, Taranagar
Rajasthan	Thanagazi	Bank Branch	Khasra No. 2588, Main Bus Stand, Alwar Road, Thanagazi
Maharashtra	Thane	Bank Branch	Ace Aviana, Thane
Gujarat	Tharad	Bank Branch	Amar Complex, High Way Chowkdi, Wajagadh, Tharad
Rajasthan	Theekariya	Unbanked Branch	Main Bus Stand, Theekariya, Ward No-11, Jaipur
Rajasthan	Thoi	Bank Branch	Ward No 10, Loharoo Ka Mohalla, Thoi
Madhya Pradesh	Tikamgarh	Bank Branch	Tikamgarh Kila, Ward No 18, Tikamgar
MADHYA PRADESH	Titrod	Unbanked Branch	Karnali Chouraha, Sitamau Suhasra Road, Titrod, Sitamahu
Rajasthan	Tonk	Bank Branch	Nazar Bag Road, Sunaro Ka Mandir, Tonk
Rajasthan	Delhi Gate Udaipur	Bank Branch	Plot No. 168, Ashwini Marg, Near Delhi Gate, Udaipur, Rajasthan
Rajasthan	Udaipurwati	Bank Branch	Khasra No.1701, Near Ghumchakkar, Jhunjhunu Road, Udaipurwati
Madhya Pradesh	Free Ganj Ujjain	Bank Branch	Tarana House, 34/4,5,6, Shanku Marg, Tower Chowk, Free Ganj, Ujjain
Himachal Pradesh	Una	Bank Branch	Ward No. 3, Kamla Complex, Hamirpur Road, Una

State Name	Branch Name	Branch Type	Address
Gujarat	Bennyson Complex Vadodara	Bank Branch	Shop No 3 & 4, Benison Complex, Opposite Rajlakshmi Complex, OP Road, Vadodara
Gujarat	Vapi	Bank Branch	Ground Floor Dharti Complex, Daman Road, NH8, Vapi
Maharashtra	Vasai	Bank Branch	Shop No 4, Landmark Tower, Pushpkunj Coperative Housing Society, Opposite Bishops House, Vasai Road, Vasai
Madhya Pradesh	Vidisha	Bank Branch	Ward No 21, Subhash Path, Khari Phatak Road, Vidisha
Maharashtra	Wani	Bank Branch	Plot No. 3, Sheet No. 7-B, Opposite Sai Mandir, Sai Mandir Chowk, Wani, Yavatmal
Maharashtra	Wardha	Bank Branch	Ward No.7 (New), House No.228, Nazul Sheet No.50, Plot No.144, Balaji Tower, Ghandhi Nagar, Arvi Road, Wardha
Haryana	Yamunanagar	Bank Branch	SCO- 179, Huda, Sector 17, Barlabe Bypass Road, Jagadhari, Yamuna Nagar
Maharashtra	Yavatmal	Bank Branch	Block No -3, Nazul Sheet No 47 A, Mittal Agencies, Opposite Timber Bhavan, SQ Dhamangaon Road, Yavatmal
Maharashtra	Mira Road Thane	Bank Branch	Sector - 2, Shanti Nagar, Mira Road (E), Mira Bhayandar, Thane
Madhya Pradesh	Adalpura	Unbanked Branch	Sanawad-Khargone Main Road, Adalpura, Gogawan, Bhikangaon, Khargone
Rajasthan	Banjakuri	Unbanked Branch	Near Bus Stand, Near Shivam Mandir, Banjakuri
Maharashtra	Pen	Bank Branch	Redwood Cityplaza, Plot No. C-13, Pen
Haryana	Panchkula	Bank Branch	SCO-24, G-Floor, Sector-11, Panchkula
Delhi	Chandni Chowk Delhi	Bank Branch	648-650, 657, First Floor, Fatehpuri Masjid, Church Mission Road, Chandni Chowk, Delhi
Punjab	Madhir	Unbanked Branch	Near Bus Stand, Village - Madhir, Tehsil - Giderbaha, Shri Muktsar Sahib
Rajasthan	Rabcha	Unbanked Branch	NH-8, Rabcha, Rajsamand
Rajasthan	Kotri Dhayalan	Unbanked Branch	Khasra No.769, Opposite Shiv Mandir, Kotri Dhaylan, Shri Madhopur
Maharashtra	Pimpri	Bank Branch	Shop No.9, Jhamtani Impressions, Tapovan Mandir Road, Savta Mali Naga, Pimpri Colony, Pimpri - Chinchwad, Pimpri
Rajasthan	Pallu	Bank Branch	Opposite Tractor Union, Main Road, Pallu
Rajasthan	Ajeetgarh	Bank Branch	Near HP Petrol Pump, Bus Stand, Ajeetgarh
Delhi	Lajpat Nagar Delhi	Bank Branch	24, Ring Road, Lajpat Nagar-IV, Delhi
Punjab	Lawrence Road Amritsar	Bank Branch	Shop No 20, 21, Lawrence Road, Amritsar
Rajasthan	Hindaun	Bank Branch	Building No. 1, Near Prabhu Place, Mahua Karauli, Station Road, Hindaun City
Haryana	NIT Faridabad	Bank Branch	5B/4BP, Neelam Railway Road, NIT, Faridabad
Delhi	Uttam Nagar Delhi	Bank Branch	RZ-17, Ground Floor, Kiran Garden, Uttam Nagar
Karnataka	JP Nagar Bengaluru	Bank Branch	Ground Floor, N-9, 24th Main, JP Nagar 1st Phase, Bengaluru

State Name	Branch Name	Branch Type	Address
Maharashtra	Nale	Unbanked Branch	Ground floor, Shadhana Apartment, Shop No. 2, Near Zila Parishad, Marathi School, Nale, Nalasopara West
Rajasthan	Bharatpur	Bank Branch	Ward No. 26, Opposite Braj Timber, Gol bagh Road, Bharatpur
Rajasthan	Housing Board Jodhpur	Bank Branch	Plot No. 201-C, Khasra No.87, Shanker, Nagar, Opposite PF Department, Chopasani, Housing Board, Jodhpur
Rajasthan	Kherli	Bank Branch	Khasra No 876, Ward No 14, Shop No 1, 2 & 3, Village - Sonkhar, Anaj Mandi Gate, Kathumar Road, Kherli, Alwar
Jammu & Kashmir	Jammu_Zorawar Singh Chowk	Bank Branch	Khasra Number - 87, Shivaji Chowk, Sector 14, Ground Floor, Near Zorawer Singh Chowk, Nank Nagar, Bahu Plaza, Jammu
Madhya Pradesh	Indore_Jawahar Marg	Bank Branch	Plot No. 147, Old No. 184 & Block No. 935-A, Jawahar Marg, Mukeri Pura, Near Govt. school, Indore
Uttar Pradesh	Kanpur	Bank Branch	14/113, Padam Tower - 1, Civil Lines, Kanpur
Delhi	Delhi_Rajouri Garden	Bank Branch	Plot No - 54, Block No - J-13, Rajouri Garden, Delhi
Gujarat	Rajkot_Bhaktinagar	Bank Branch	I.B. House, Near Satyavijay Ice Cream, Bhaktinagar Station Road, Rajkot
Karnataka	Bengaluru_Residency Road	Bank Branch	Ground and First floor, Smart Avenue No 28, Residency Road, Bengaluru
Rajasthan	Dholpur	Bank Branch	Lease No 246, Opposite Shyam Complex, Nagar Palika Road, Gaurav Path, Dholpur
Uttar Pradesh	Agra_Sanjay Place	Bank Branch	Ground floor, Unit No. 2, 3 & 4, Block E-14/6, Sanjay Place Commercial Complex, Hariparwat Ward, Agra
Madhya Pradesh	Sagar_Dashmesh Tower	Bank Branch	Plot No. 07, Ground floor, Dashmesh Tower, Bhagwan Ganj, Near Suzuki Bike Showroom, Sagar
Punjab	Zirakpur_ Raksha Business Center	Bank Branch	Shop No. 10-11, Raksha Business Centre, Ambala Chandigarh Highway, Zirakpur
Punjab	Pathankot_Patel Chowk	Bank Branch	SEF-1, Ground Floor, Patel Chowk, Pathankot
Gujarat	Valsad_Aum Business plaza	Bank Branch	Ground Floor, Om Business Plaza, Opposite Circuit House, Halar Road, Valsad
Rajasthan	Kachari	Unbanked Branch	Ground Floor, Gram - Kachari, Tehsil - Antah, District - Baran
Uttar Pradesh	Lucknow	Bank Branch	A 1/243, Viram Khand, Gomti Nagar, Lucknow
Uttar Pradesh	Ghaziabad_Indrapuram	Bank Branch	Shop No.1, Gaur Gravity - 8, Vaibhav Khand, Ghaziabad
Rajasthan	Shishu	Unbanked Branch	Near Ramdev Ji Mandir, Taxi Stand, Shishu, Sikar
Haryana	Jagmalwali	Unbanked Branch	Opposite Dera, VPO Jagmawali, District - Sirsa
Uttar Pradesh	Noida_Sector 63	Bank Branch	Plot No. 13, Block H-1 A, Sector 63, Gautam Budh Nagar, Noida
Rajasthan	Gothra	Unbanked Branch	Ground Floor, Khasra No. 1907/1678, Gothra, Tehsil - Nawalgarh, District - Jhunjhunu
Gujarat	Vadodara	Bank Branch	3, Sonali Co-Operative Housing Society, Muktanand Circle Water Tank, Vadodara

State Name	Branch Name	Branch Type	Address
West Bengal	Kolkata_Dalhousie	Bank Branch	Premises No. 56, Hemanta Basu Sarani, Stephen House, Dalhousie BBG Bag, Kolkata
Madhya Pradesh	Bhopal _ Hamidiya road	Bank Branch	Shop No. G4-5, Ground Floor, Comfort Plaza, Plot No.9, Near Manohar Dairy, Hamidiya Road, Ward-18, Bhopal
Maharashtra	Nashik Road	Bank Branch	Shop No. 1, ICON Plaza, Nashik Pune Highway, Near Ashirwad Bus Stop, Nashik Road, Nashik
Rajasthan	Khat Labana (2f)	Unbanked Branch	2f Bada Bus Stand, Khat Labana, Ganganagar
Punjab	Barnala_Bus Stand	Unbanked Branch	Ground Floor, Near Bus Stand, Village - Barnala, District - Mansa
Punjab	Gurusar Sainewala	Unbanked Branch	VPO - Gurusar Sahnewal, District - Bhatinda
Odisha	Bhubaneshwar_cuttack puri road	Bank Branch	Plot No - 123, 124, Cuttack Puri Road, Laxmisagar - 1, Unit No-30, Khurda, Bhubaneswar
Telangana	Hyderabad_SP Road	Bank Branch	Ground Floor, Plot No. B. No. 160/2/GF, Sardar Patel Road, Opposite to Asoka Bhoopal Chamber, Secunderabad
Punjab	Ralli_Bus Stand	Unbanked Branch	Near Ralli Bus Stand, Village - Ralli, Tehsil - Budhlada, District - Mansa
Haryana	Bahadurgarh	Bank Branch	Khasra No 2126, Delhi Rohtak Road, Dayanand Nagar, Bahadurgarh
Gujarat	Gandhinagar Kudasan	Bank Branch	Block-A, Ground Floor, Shop No. 5,6,7,8, Shivalay Residency, Near Kanam Residency, Kudasan, Gandhinagar
Gujarat	Ahmedabad Thaltej	Bank Branch	Ground Floor- 7 & 8, Times Square Arcade, Opposite Rambaug, Thaltej Shilaj Road, Thaltej, Ahmedabad
Rajasthan	Udaipur Hiran Magri	Bank Branch	1 to 3, Ground Floor, Plot No. 475-476, Sector - 4, Archi The Divine, Narayan Seva Sansthan Road, Hiran Magri, Udaipur
Punjab	Patiala	Bank Branch	Sector 113, Urban Estate Phase-2, Patiala
Maharashtra	Kothrud	Bank Branch	Success Square, Show Room 12, Survey No. 157, Hissa Number - A+B+C/2 Karve Road, Kothrud, Pune
Haryana	Panchkula Sec-20	Bank Branch	Sco 389, Sector 20, Panchkula
Gujarat	Ahmedabad Nikol	Bank Branch	Town Plaza, GF 24-27, Opposite Sardar TV, Near Raspan Cross Road, New India Colony, Nikol, Ahmedabad
Gujarat	Ahmedabad Prahlad Nagar	Bank Branch	Campas Corner II, Shop Number-G/F 6, Opposite Prahlad Nagar Garden, Ahmedabad
West Bengal	Kolkata Salt Lake	Bank Branch	Ground Floor, B4, Sec. 01, Saltlake, Kolkata
Maharashtra	Vashi	Bank Branch	Shop No. 12 & 13, Ganesh Tower, Sector - 1, Plot No. 9, Vashi, Navi Mumbai
Maharashtra	Mumbai Mulund west	Bank Branch	Shop No. 4, Runwal Anthurium Retail, Old Gabriel Factory, LBS Marg, In front of Veena Nagar, Mulund (W), Mumbai
Haryana	Palam Vihar Gurgoan	Bank Branch	Shop No. 3, Ground Floor, Global Foyer Mall, Palam Vihar, Gurgaon

State Name	Branch Name	Branch Type	Address
Delhi	Delhi Preet Vihar	Bank Branch	Ground Floor, 11, New Rajdhani Enclave, Near Preet Vihar Metro Station, Vikas Marg, Delhi
Punjab	Mohali Sector 82	Bank Branch	SCO 51, JLPL, Sector 82, SAS Nagar, Mohali
Punjab	Mohali Phase 10	Bank Branch	SCF- No 16 &17, Ground Floor, Phase-10, Mohali, Punjab
Gujarat	Surat Varachha	Bank Branch	Ground Floor, Shop No. 1, J R Plaza, ,Varchha Main Road, Beside CNG Pump, Chikuwadi, Nana Varachha, Surat
Gujarat	Vadodara Akota	Bank Branch	Shop No-26/27/28 Sliver Arcade, Near Royal Orchid hotel, Mujmahuda Road, Akota, Vadodara
Delhi	Delhi Kirti Nagar	Bank Branch	D-40, Kirti Nagar, Upper Ground Floor, New Delhi
Madhya Pradesh	Gwalior Jayendraganj	Bank Branch	Nari Gate Circel, Jayendra Ganj, Lashkar, Gwalior
Maharashtra	Pune East Street	Bank Branch	Shop Number 1 & 2, Gulmohar Apartments, Usha Co - Oprative Society, East Street, Pune
Haryana	Circular Road, Bhiwani	Bank Branch	Old Bus Stand, Circular Road, Bhiwani
Chandigarh	Chandigarh Sector 27D	Bank Branch	SCF 9, Sector 27, Chandigarh
Chhattisgarh	Balod Asset Center	Unbanked Branch	Nahta Hights First floor, Nearby Bajaj Finance, Durg Road, Ganj Para, Balod
Haryana	Sec 31 Gurgaon	Bank Branch	SCO 25, Huda Market , Sector 31 , Gurgaon
Delhi	Delhi Shalimar Bagh	Bank Branch	Upper Ground Floor, BT – 9, Shalimar Bagh, Delhi
Delhi	Delhi Vikaspuri	Bank Branch	G8, Vikaspuri, New Delhi
Delhi	Delhi Green Park	Bank Branch	S-18, Green Park, Extension, New Delhi
Madhya Pradesh	Indore MG Road	Bank Branch	Embassy Building, 9/1/3, MG Road, Near Trea Sure Island Mall , Indore
Delhi	Delhi Punjabi Bagh	Bank Branch	25, North West Avenue Road, Punjabi Bagh, Delhi
Haryana	Mahendragarh	Bank Branch	E2/68A, SDM Residence Road, Near Anaj Mandi, Mahendragarh
Maharashtra	Nagpur Maharaj Bagh Road	Bank Branch	A1 Yash Heights, Plot Number - 140, Near Jain Mandir, Ramdaspeth, Nagpur
Karnataka	Bangalore HSR Layout	Bank Branch	1192, Sandeep Arcade, 5TH Main, 20th Cross, Sector-7 , HSR Layout , Bangalore
Maharashtra	Andheri Chakala Mumbai	Bank Branch	Ground Floor, B Wing, Rustomjee Central park, Andheri Kurla Road, Chakala, Andheri East, Mumbai
Punjab	Ludhiana Sector 32A	Bank Branch	SCO - 39, Ground Floor, Sector 32A, Chandigarh Road, Ludhiana
Delhi	Delhi Sadar Bazar	Bank Branch	4906 to 4911, Teliwara, Sadar Bazar, Delhi
Haryana	Fatehabad	Bank Branch	Khasra Numbar - 1421, Near Old Bus Stand, Hisar Road, Fatehabad
Uttar Pradesh	Noida Sector 50	Bank Branch	B1/14, Central Market, Sector – 50, Noida
Chandigarh	Chandigarh Sector 35B	Bank Branch	369-370, Sector - 35 B, Chandigarh
Gujarat	Shamsherpura	Unbanked Branch	Shop Nombar - 9 & 10, Ground Floor, Therwadiya Complex, Deesa, Tharad Highway, Shamsherpura
Gujarat	Isand	Unbanked Branch	Modi Shop, Near Dudh Sagar Dairy, At Isand, Taluka – Kalol, District - Gandhinagar

State Name	Branch Name	Branch Type	Address
Gujarat	Makhavad	Unbanked Branch	Shop Nombar - 2, Vardhaman Complex, Makhavad, Lodhika, Rajkot
Rajasthan	Chitrakoot Jaipur	Bank Branch	C9/9, Chitrakoot Yojana, Chitrakoot Marg, Ajmer Road, Vaishali Nagar, Jaipur
Gujarat	Vajdi	Unbanked Branch	Milan Madhav Complex, First Floor, Shop Nombar - 4 & 5, Village - Vajdi, Rajkot
Rajasthan	Mahesh Nagar Jaipur	Bank Branch	A-226, 80 Feet Road, Mahesh Nagar, Jaipur
Haryana	Gurgaon MG Road	Bank Branch	Unit Nombar - 2, Ground Floor, MGF Mega City Mall, MG Road, Gurgaon
Delhi	Delhi Greater Kailash	Bank Branch	M - 66, Greater Kailash 2, New Delhi
Maharashtra	Mumbai Ghatkopar East	Bank Branch	Shop Numbar - 13 & 14, Neelkanth Regent, R.N. Narkar Marg, Pant Nagar, Ghatkopar (E), Mumbai
Maharashtra	Andheri Four Bungalows	Bank Branch	Four Bungalows, Lokhandwala Road, Opposite Kokilaben Dhirubhai Ambani Hospital, Andheri West, Mumbai
Haryana	Jhajjar	Bank Branch	904/B, Ward Numbar - 1, Rohtak Road, Parshu Ram Chowk, Jhajjar, Haryana
Gujarat	Galudan	Unbanked Branch	Village & Post – Galudan, Near Harijan Vas, Taluka – Gandhinagar, District – Gandhinagar
Haryana	Charkhi Dadri	Bank Branch	13/2, Loharu Road, Charkhi Dadri
Maharashtra	Worli Mumbai	Bank Branch	Vaswani Chambers, Dr. Annie Besant Road, Opposite Old Passport Office, Worli, Mumbai
Delhi	Patel Nagar Delhi	Bank Branch	1/13, West Patel Nagar, New Delhi
Punjab	Jalandhar Football Chowk	Bank Branch	173A, Vijay Nagar, Football Chowk , Jalandhar
Gujarat	Surat Adajan	Bank Branch	Shop No. G-28 & G-29, Western Arena, Near Madhuvan Circle, Green City Road, Adajan, Surat
Gujarat	Dhinchda	Unbanked Branch	Shop No. 4-5, Radhe Complex, Tirupatinagar Park - 2, Samarpan Bedi Highway, Dhinchda Road, Dhinchda, Jamnagar
Haryana	Jind	Bank Branch	SCF No. 8, Huda Distt.Shopping Centre, Jind, Haryana
Delhi	Ashok Vihar Delhi	Bank Branch	B 3/7, Phase – II, Ashok Vihar, Delhi
Gujarat	Ahmedabad South Bhopal	Bank Branch	Ground Floor, Shop Number - 4 & 5, Gala Mart, Near Sobo Centre, South Bopal, Ahmedabad
Madhya Pradesh	Bhopal Arera colony	Bank Branch	E2/69, Arera Colony, Bhopal
Haryana	Gurgaon Sushant Lok	Bank Branch	Times Square Building, Ground Floor, Sushant Lok, Phase - 1, Gurgaon
Uttar Pradesh	Lucknow Hazratganj	Bank Branch	1A, Sarvan Plaza Complex, Sapru Marg, Hazratganj, Lucknow, Uttar Pradesh
Gujarat	Thordi	Unbanked Branch	Ground Floor, Thordi, Bhavnagar, Gujarat
Gujarat	Gathaman	Unbanked Branch	Shop Number - 8 & 9, Hareshvar Mahadev Trust Complex, Gathaman, Palanpur, Banasknta, Gujarat
Rajasthan	Rajpura Piperan	Unbanked Branch	Main Road, Opposite Gram Panchayat, Rajpura Piperan, Suratgarh, Ganganagar
Rajasthan	Mahal Road Jagatpura jaipur	Bank Branch	CP3-235, Ground Floor, Industrial Area, Apparel Park, Sitapura, Jaipur, Rajasthan

State Name	Branch Name	Branch Type	Address
Rajasthan	Sri Ganganagar 2ML Ridhi Shidhi	Unbanked Branch	2 ML, Near Apna Bazaar, Sri Ganganagar, Rajasthan
Uttar Pradesh	Varanasi Rathyatra	Bank Branch	Shapuri Hights, Ground & 1st Floor, Block B, Mehmoorganj, Rathyatra Crossing, Varanasi
Haryana	Palwal Ram Nagar	Bank Branch	SN Tower , Ward No. 11 Ram Nagar GT Road, Palwal, Haryana
Tamil Nadu	Chennai Nungambakkam	Bank Branch	Shop Number G - 5, GH Emerald, 151, Village Road, Valluvar Kottam High Road, Nungambakkam, Chennai
Madhya Pradesh	Dudhana	Unbanked Branch	Dabri Square, Near Govt School, Village - Dudhana, District - Shajapur, Madhya Pradesh
Madhya Pradesh	Titri	Unbanked Branch	Jhabuwa Main Road, Gram – Titri, Ratlam, Madhya Pradesh
Madhya Pradesh	Nazarpur Ghatiya Ujjain	Unbanked Branch	Agar Malwa - Ujjain Main Road, Near Bus Stand, Gram – Najarpur, Ujjain, Madhya Pradesh
Madhya Pradesh	Kachaliya Indore	Unbanked Branch	Sanver Depalpur Main Road, Near Gram Panchayat, Kachaliya, Gram - Kachaliya, Indore, Madhya Pradesh
Rajasthan	Girdhar Marg Jaipur	Bank Branch	Plot No - 27, Sunder Nagar, Opposite Axis Bank, Girdhar Marg, Malviya Nagar, Jaipur, Rajasthan
Gujarat	Shahibag	Bank Branch	Shop Number - 1,2 & 3, Trinity Plaza, Near Shanidev Mandir, Opposite Reliance Fresh, Airport Road, Shahibaug, Ahmedabad, Gujarat
Maharashtra	Vileparle West Juhu	Bank Branch	Cressenzo, Plot No – 29, JVP Scheme, Ground Floor, V L Mehta Road, Mumbai, Maharashtra
Uttarakhand	Rajpur road Dehradun	Bank Branch	212/G – Floor, Rajpur Road, Dehradun, Uttarakhand
Rajasthan	Heerapath Mansarover Jaipur	Bank Branch	54/219 & 220, Heera Path, Madhyam Marg, Mansarovar, Jaipur, Rajasthan
Rajasthan	Ajmer Adarsh Nagar	Bank Branch	Plot Number - 1 2 & 3, AMC Number - 27/24 Opposite Kapur Garden, Nasirabad Road, Adarsh Nagar, Ajmer, Rajasthan
Delhi	Saket South Delhi	Bank Branch	Ground Floor, E-147, Saket, New Delhi
Uttar Pradesh	Bank Road Gorakhpur	Bank Branch	16 B & 17, Shop No - 2, L N Vatika Building, Laxmi Niwas, Bank Road, Gorakhpur, Uttar Pradesh
Bihar	Exhibition Road Patna	Bank Branch	Ground Floor, Chandi House, Exhibition Road, Patna, Bihar
Uttar Pradesh	Civil Lines Prayagraj	Bank Branch	Shop Number - 2 & 3, Ground Floor, Vrindavan Tower, Opposite JK Palace, Civil Lines, Prayagraj, Uttar Pradesh
Maharashtra	Mumbai Fort	Bank Branch	105, MG Road, Mistry Mansion, Fort, Mumbai
Maharashtra	Thane Ram Maruti Mumbai	Bank Branch	Shop Number - 1 & 2, Ruba CHSL, Ram Maruti Road, Thane (west), Mumbai
Maharashtra	Pune Koregaon Park	Bank Branch	Unit Number - 1, Jewel Square, Ground Floor, Shop Number - 479 & 480, Next To Hotel Blue Diamond, Koregaon Park, Pune
West Bengal	Sarat Bose Road Kolkata	Bank Branch	44/3/1, Sarat Bose Road, Kolkata
Maharashtra	Pune Wakad	Bank Branch	Showroom Number - 7, Solitaire Business Hub, Ground Floor, Kaspate Wasti, Wakad, Pune

State Name	Branch Name	Branch Type	Address
Jharkhand	Lalpur Ranchi	Bank Branch	Shop Number - 101 & 102, 1st Floor, H – Square, Circular Road, Lalpur, Ranchi, Jharkhand
Telangana	Himayat Nagar Hyderabad	Bank Branch	3-5-908/1,2,3, Ground Floor, Himayat Nagar, Hyderabad, Telangana
Maharashtra	Thane Pokharan	Bank Branch	Ground Floor, Shop Number - 3, Ashar Tiara Commercial Complex, Phokharan Road Number - 2, Thane (W)
Goa	Panjim	Bank Branch	Ground Floor, Shop Number - 2 & 3, Joao Deus Memorial Hall Building, Halio, Rua Heliodoro, Salgado, Panjim, Goa
Gujarat	Drive in Road Ahmedabad	Bank Branch	Ground Floor - 1, Shilp Square, A Block, Opposite Himalaya Mall, Drive-In Road, Ahmedabad
West Bengal	Ballygunge	Bank Branch	45, Jhawtala Road, Fazlul Haq Sarani, Police Station - Karaya, Ballygunge, Kolkata, West Bengal
Rajasthan	Tejpur	Unbanked Branch	Village - Tejpur, Tehsil - Banswara, Banswara, Rajasthan
Punjab	Ranjit Avenue Amritsar	Bank Branch	Sco Number - 120, Ground Floor, District Shopping Centre, Ranjit Avenue, Amritsar, Punjab
Delhi	Delhi Rajender Nagar	Bank Branch	R - 846, New Rajender Nagar, Delhi
Delhi	Delhi Kamla Nagar	Bank Branch	Ground Floor, 2/10, Sabjii Mandi, Roop Nagar, New Delhi
West Bengal	Kolkata Kankurgachi	Bank Branch	Deora House, P-37, Maniktala Main Road, Scheme VIIM, Kankurgachi, Kolkata, West Bengal
Punjab	Ludhiana Mall Road	Bank Branch	84/4 – B, Upper Ground Floor, Mahal Rakh, Mall Road, Ludhiana, Punjab
Rajasthan	Sri Vijayanagar 5 GB B	Unbanked Branch	Sub Part Number - 1, Plot Number - 72, 5 GB, Jaitsar, Sri Ganganagar, Rajasthan
Delhi	Delhi Prashant Vihar	Bank Branch	Ground Floor, Property Bearing Number - 6, Block C-2, Prashant Vihar, Delhi
Haryana	Gurgaon Sector 14	Bank Branch	SCO – 28, Ground Floor, Sector - 14, Gurgaon, Haryana
Maharashtra	Mumbai Malad Link Road	Bank Branch	Shop Number - 04, Ground Floor, Municipal Retail Market, Link Road, Valnai, Malad West, Mumbai
Assam	Guwahati GS Road	Bank Branch	NBS Tower, Near Datamation, Boraservice, GS Road, Guwahati, Assam
Haryana	Hisar Jindal Chowk	Bank Branch	SCF 41, Urban Estate 2, DHS Road, Hisar

CHAPTER D- RELATED PARTY TRANSACTIONS ENTERED DURING THE LAST 3 (THREE) FINANCIAL YEARS IMMEDIATELY PRECEDING THE YEAR OF ISSUE OF THIS OFFER LETTER INCLUDING WITH REGARD TO LOANS MADE OR, GUARANTEES GIVEN OR SECURITIES PROVIDED

1. Deposits

(₹ in Crore)

Particular	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	Closing balance	Highest balance during the year	Closing balance	Highest balance during the year	Closing balance	Highest balance during the year
Key Management Personnel (KMP)	27.90	90.23	84.65	95.11	6.62	24.66
Relatives of KMP	43.18	143.93	79.10	144.76	26.62	46.38
Enterprise over which KMP/Relative of KMP have control / significant influence	2.06	38.23	2.41	35.04	2.52	22.89

2. Interest Paid on Deposits

(₹ in Crore)

Particular	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Key Management Personnel (KMP)	2.59	0.59	0.40
Relatives of KMP	4.48	4.82	1.19
Enterprise over which KMP/Relative of KMP have control / significant influence	0.07	0.54	0.02

3. Remuneration

(₹ in Crore)

Particular	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Mr. Sanjay Agarwal, Managing Director and CEO	2.28	-	2.31
Mr. Uttam Tibrewal, Executive Director	2.05	2.24	3.43
Mr. Deepak Jain, Chief Operating Officer (KMP upto August 31, 2021)	0.71	1.62	1.65
Mr. Vimal Jain, Chief Financial Officer (w.e.f. April 1, 2020)	0.83	0.93	NA
Mr. Manmohan Parnami, Company Secretary	0.59	0.50	0.48
Total	**6.46**	**5.29**	**7.87**

1. Remuneration paid excludes value of employee stock options exercised during the year.

2. The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Bank as a whole.

4. Advances

(₹ in Crore)

Particular	As at March 31, 2022		As at March 31, 2021		As at March 31, 2021	
	Closing balance	Highest balance during the year	Closing balance	Highest balance during the year	Closing balance	Highest balance during the year
Key Management Personnel (KMP)	0.11	0.73	-	0.49	-	-
Relatives of KMP	0.06	0.22	-	16.78	-	-
Enterprise over which KMP/Relative of KMP have control / significant influence	0.93	0.95	-	7.89	-	-

Related to credit card facility and OD Facility during the FY 2021-22 and OD facility during the FY 2020-21.

Interest earned during the FY 21-22 is ₹ 0.007Cr (Previous year : ₹ 0.38 Cr.)

5. Other transaction

(₹ in Crore)

Name of related party	Nature of transactions	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Mr. Uttam Tibrewal	Issue of Equity Shares of the Bank pursuant to exercise of ESOP	30.00	4.28	-
Mr. Deepak Jain	Issue of Equity Shares of the Bank pursuant to exercise of ESOP	-	7.53	6.64
Mr. Vimal Jain	Issue of Equity Shares of the Bank pursuant to exercise of ESOP	0.10	0.09	NA
Mr. Manmohan Parnami	Issue of Equity Shares of the Bank pursuant to exercise of ESOP	0.09	0.02	0.02
Key Management Personnel (KMP)	Dividend Paid	-	-	4.61
Relatives of KMP	Dividend Paid	-	-	2.32
Enterprises over which KMP/ relatives of KMP have control/ significant influence	Dividend Paid	-	-	0.73
AU Bank Employees Group Gratuity Trust	Contribution to Fund	13.25	17.21	3.30
AU Foundation	Donation	1.60	0.85	4.05

6. Other income

(₹ in Crore)

Particular	**Year ended March 31, 2022**
Key Management Personnel (KMP)	0.02
Relatives of KMP	0.00
Enterprise over which KMP/Relative of KMP have control / significant influence	0.00

For FY 2020-21 and FY 2019-20, Income including miscellaneous charges received from all the related parties are less than ₹ 0.01 crore hence not shown separately.

SECTION 11: DECLARATION BY THE DIRECTORS

Each of the directors of the Bank hereby confirm and declare that:

A. the Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, the Companies Act, 2013 and the rules and regulations made thereunder, including the compliances in relation to making a private placement of the Debentures;

B. the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of non-convertible securities, if applicable, is guaranteed by the Central Government;

C. the monies received under the Issue shall be used only for the purposes and objects indicated in this Placement Memorandum; and

D. whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under SECTION 3: of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

I am authorized by the Board of Directors of the Bank vide resolution number 01 dated July 29, 2022 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this Placement Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For **AU Small Finance Bank Limited**

Director
Name: Sanjay Agarwal
Title: Director
Date: August 2, 2022

ANNEXURE I: TERM SHEET

We, AU Small Finance Bank, set out the indicative terms of a prospective transaction in this term sheet, which together with any letter attached to it, is for discussion purposes only. The indicative terms and conditions are neither complete nor final and are subject to further negotiation and final documentation This term sheet does not create any legally binding obligations on us and is subject to approvals.

Transaction	Financing of up to INR 600 Crores (Rupees Six Hundred Crores only) by way of a Bond Issuance in the form of Subordinated debts (Tier II) by issuance of Debentures in 3 (Three) Series, in the manner set out below: (a) Series I Debentures consisting of Unsecured, Rated, Listed Redeemable, Subordinated, Series I Non-Convertible Lower Tier II Bonds in the form of Non-Convertible Debentures aggregating up to Rs. 250 Crores (Rupees Two Hundred and Fifty Crores Only) and a green shoe option of up to INR 200 Crore (Rupees Two Hundred Crores only) ("**Series I Debentures**"); (b) Series II Debentures consisting of Unsecured, Rated, Listed Redeemable, Subordinated, Series II Non-Convertible Lower Tier II Bonds in the form of Non-Convertible Debentures aggregating up to up to INR 100 Crores (Rupees One Hundred Crores only) ("**Series II Debentures**"); and (c) Series III Debentures consisting of Unsecured, Rated, Listed Redeemable, Subordinated, Series III Non-Convertible Lower Tier II Bonds in the form of Non-Convertible Debentures aggregating up to INR 50 Crores (Rupees Fifty Crores only) ("**Series III Debentures**"). (Series I Debentures, Series II Debentures and Series III Debentures shall be collectively referred to as "**Debentures**" / "**NCDs**").
Issuer	AU Small Finance Bank Limited ("**AU**" / "**AU Bank**")
Investor	Shall mean, to the extent each of the below investors are eligible to subscribe to the Debentures as per applicable laws: A. Mutual funds, Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors registered with the Securities and Exchange Board of India; B. Foreign Portfolio Investors other than individuals, corporate bodies and family offices; C. Public financial institutions; D. Scheduled commercial banks; E. Multilateral and bilateral development financial institutions; F. State industrial development corporation; G. Insurance companies registered with the Insurance Regulatory and Development Authority of India; H. Provident Funds with minimum corpus of twenty five crore rupees; I. Pension Funds with minimum corpus of twenty five crore rupees; J. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;

	K. Insurance funds set up and managed by army, navy or air force of the Union of India; L. Insurance funds set up and managed by the Department of Posts, India; and M. Systemically Important Non-Banking Financial Companies.
Security Name	Series I Debentures: 9.30% AU Small Finance Bank Limited 2032 Series II Debentures: 9.30% AU Small Finance Bank Limited 2032 Series III Debentures: 9.30% AU Small Finance Bank Limited 2032
Type of Instrument	Subordinated, Rated, Listed, Unsecured, Redeemable, Non-Convertible Bonds (Bonds) in form of subordinated debts shall be categorized as Tier II Capital in compliance with Basel II framework on Capital Adequacy
Applicable Guidelines	These bonds will be governed under Basel II under the RBI's Master Circular on "Prudential Guidelines on Capital Adequacy and Market Discipline-New Capital Adequacy Framework (NCAF)" issued on 1st July 2015 https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9893
Tenure	10 years
Call Option	The Issuer will have a right to exercise the Call option anytime on each series of Debentures after the end of 5 years subject to prior regulatory approvals.
Put Option	N.A.
Nature of Instrument	Unsecured in form of subordinated debts
Seniority	The Debentures shall be: (a) Senior to the claims of investors in instruments eligible for inclusion in Tier I and upper Tier II capital of the Issuer; and (b) Subject to (a) above, subordinated to the claims of the other creditors of the Issuer but shall rank *pari passu* with the other Lower Tier II capital instruments of the Issuer (whether present or future).
Mode of Issue	Private placement
Issue Size	Aggregate issue size of Debentures shall be upto Rs. 600,00,00,000/- (Rupees Six Hundred Crores Only) being issued in 3 (Three) series consisting of: Series I Debentures: Upto Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores only) and a green shoe option of up to Rs. 200,00,00,000/- (Rupees Two Hundred Crores only); Series II Debentures: Upto Rs. 100,00,00,000/- (Rupees One Hundred Crores only); and Series III Debentures: Upto Rs. 50,00,00,000/- (Rupees Fifty Crores only)
Objects of the Issue & Details of the utilization of the Proceeds	**Object**: Augmenting Tier II Capital of the Issuer for strengthening its capital adequacy and for enhancing its long-term resources. **Utilization of Proceeds**: Proceeds of proposed issue shall be utilized for regular business activities of the Issuer
Coupon Rate	Fixed being 9.30% per annum for each series of Debentures
Face Value	Rs. 1,00,00,000/- (Rupees One Crore only) per Debenture.

Trustee	Catalyst Trusteeship Limited
No. of Debentures	Up to 600 NCDs
Depository	NSDL and CDSL
Security	Unsecured, Subordinated
Rating of Instrument	"AA /STABLE" by CRISIL and CARE Ratings
Listing	Proposed to be listed on the WDM of BSE within a maximum period of 4 (Four) working days from the date of closing of the issue. In case of delay by the Issuer in listing of the Debentures beyond 4 (Four) working days from the date of closing of the Issue, the Issuer shall (i) make payment to the Debenture Holders of 1% (One Percent) p.a. over the Coupon Rate from the date of closing of the Issue till the listing of such Debentures; and (ii) be permitted to utilise the issue proceeds of its subsequent two privately placed issuances of securities only after having received final listing approval from BSE in respect of the listing of Debentures. The listing of the Debentures shall be governed by the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021.
Minimum Application size	The minimum application amount for a potential Investor shall be Rs. 1,00,00,000 (Rupees One Crore only) and in multiples of Rs. 1,00,00,000 (Rupees One Crore only) thereafter. i.e. 1 debenture and in multiple of 1 debenture thereafter. It is clarified that the potential Investor shall not be entitled to purchase a fraction of a Debenture.
Coupon Payment Frequency	Annually and last coupon payable at Maturity
Issue Price	At Par
Day Count Basis	Actual / Actual
Form of Issuance	Dematerialized
Interest on Application Money	At the Coupon rate (subject to deduction of tax at source, as applicable) from the date of realization of cheque (s)/ demand draft(s)/ e-payment upto one day prior to the Deemed Date of Allotment.
Default Interest Rate	In case of default in payment of Interest or principal on due dates, additional interest @ 2% over the coupon rate will be payable by the Issuer for the defaulting period.
Redemption Date	Series I Debentures: the date falling on the expiry of 10 years from the Deemed Date of Allotment; Series II Debentures: the date falling on the expiry of 10 years and 10 days from the Deemed Date of Allotment; Series III Debentures: the date falling on the expiry of 10 years and 20 days from the Deemed Date of Allotment;
Redemption Price	At Par (Rs. 1,00, 00,000/- (Rupees One Crore) per NCD) along with accrued interest, if any.
Redemption /Repayment	Bullet repayment on maturity date / redemption date
Issue Schedule	August 2, 2022

1. Issue Opening Date **2. Issue Closing Date** **3. Pay-in Date** **4. Deemed Date of Allotment**	August 2, 2022 August 3, 2022 August 3, 2022
Business Days	Any day of the week (excluding Saturdays, Sundays and any day which a public holiday for the purpose of Section 25 of the Negotiable Instruments Act is, 1881 (26 of 1881)) on which banks are normally open for business in Jaipur, India and Mumbai, India shall be a Business Day for the purpose of this Deed.
Record Date	7 (seven days) prior to any Due Date.
Representations	**The Issuer shall make representations customary for issuance of this nature, including but not limited to:** (a) Corporate existence, power and authority; (b) Legal validity and binding nature of the transaction; (c) Corporate and governmental authorizations and consents; (d) non-contravention of existing agreements and constitutional documents and binding nature of the same; (e) No outstanding default or material litigation; (f) No violation of law or material agreements; (g) No occurrence of a material adverse effect; (h) No litigation that may have a material adverse effect on operation of business; (i) No insolvency or insolvency proceedings; (j) Completeness and accuracy of financial statements; (k) Fund proceeds under this transaction shall only be applied in accordance with the end use as stated in this agreement.
Transaction Documents	• Placement Memorandum, • Debenture Trust Deed, • Debenture Trust Agreement, • the Application Form, and • Any other document that may be designated as a transaction document by the Debenture Trustee. All documentation including, but not limited to, the Disclosure Document, Board Resolution, Rating Letter, Appointment of Trustees, In-principle listing approval from the stock Exchange etc., to be completed and made available by the Issuer to the subscriber(s). The issuer shall get the "NCDs" listed and comply with all the RBI and SEBI guidelines applicable to this "Subordinated NCDs" issue. The issuer shall ensure that all the consents and resolution required to issue the “Subordinated NCDs” are in place prior to the issue. The issuer should also ensure that any and all regulations pertaining to this are complied with.
Conditions Precedent to Disbursement	The Investment will be subject to conditions, including those stated below: • AU shall meet all the banking regulatory requirement

	• Approvals from the board of directors and shareholders (if required) of AU shall have been received for the execution, delivery and performance by AU for issuance of NCDs in form of subordinated debts to investors in accordance with the terms of the issuance; • All the other approvals and consents from third parties, if required in relation to the transactions contemplated herein shall have received; • There is no litigation, including winding up proceedings, or governmental proceeding (including any criminal proceedings) pending against any individual / company of the Promoter Group and the Promoter group is not aware of any such proceeding being threatened.
Covenants on AU	Compliance with applicable RBI capital ratios
Governing Law and Jurisdiction	The laws of India and the jurisdiction in the event of any suit that will govern the mandate or legal action shall lie with the High Court of Mumbai
Role and Responsibilities of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture Holders as customary for transaction of a similar nature and size.
Conditions Subsequent to Disbursement	• The letter of allotment, indicating allotment of the Debentures, will be credited in dematerialized form within 1 (One) Business Day from the Deemed Date of Allotment. The aforesaid letter of allotment shall be replaced with the actual credit of Debentures, in dematerialized form, within a maximum of 2 (Two) Business Days from the Deemed Date of Allotment. • To seek listing of Debentures on BSE within 4 (Four) working days from the date of closing of issue; • Filing of forms PAS-3, PAS-4 and PAS-5 with the relevant Registrar of Companies within the timeline stipulated under applicable laws; • Any others as may be agreed between the Investor and the Debenture Trustee/Investor
Approvals	The Issuer agrees to comply with all applicable rules & regulations in respect of the Transaction and shall also comply with all regulatory framework on Small Finance Banks. The issuer will be responsible for taking necessary authorizations and/or approvals internal, external regulatory, statutory or otherwise.

ANNEXURE II: RATING LETTER, RATING RATIONALE AND DETAILED PRESS RELEASE FROM THE RATING AGENCIES

Press Release

CareEdge RATINGS

AU Small Finance Bank Limited

July 27, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Tier-II Bonds	300.00	CARE AA; Stable (Double A; Outlook: Stable)	Assigned
Tier-II Bonds	150.00	CARE AA; Stable (Double A; Outlook: Stable)	Assigned
Tier-II Bonds	200.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
Total long-term instruments	**650.00 (Rs. Six hundred fifty crore only)**		
Certificate of deposit	500.00	CARE A1+ (A One Plus)	Reaffirmed
Total short-term instruments	**500.00 (Rs. Five hundred crore only)**		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

The ratings assigned to the debt instruments of AU Small Finance Bank Limited (AUSFB) factor in the continued momentum of growth in business and size, post-conversion into a small finance bank (SFB) in April 2017, the establishment of deposit franchise along with a sizeable current account savings account (CASA) deposits, and a moderately-diversified advances portfolio with a largely secured lending portfolio. The ratings also factor-in the experience of the management team, comfortable capitalisation levels supported with periodic equity capital raise, improvement in asset quality parameters during FY22 (refers to the period April 1 to March 31) after being impacted due to COVID-19-related stress, and healthy profitability.

The ratings are, however, constrained by moderate seasoning in AUSFB's new asset verticals, including business banking, home loans, and two-wheeler financing, the regional concentration of advances and deposits as well as the relatively moderate size as compared to mid-sized private sector banks.

Rating sensitivities

Positive factors – Factors that could lead to positive rating action/upgrade:

- Significant scale-up of operations with broad basing the advances in terms of products and geographical spread along with maintaining asset quality and profitability on a sustained basis

Negative factors – Factors that could lead to negative rating action/downgrade:

- Deterioration in asset quality, with gross non-performing assets (GNPA) increasing to more than 4% on a sustained basis
- Deterioration in capital adequacy parameters with capital adequacy ratio (CAR) falling below 17% on a sustained basis
- Moderation in profitability parameters with return on total assets (ROTA) falling below 1% on a sustained basis

Detailed description of the key rating drivers

Key rating strengths

Continued growth momentum in business:

The company commenced operations as a SFB from April 2017 and got the status of a Scheduled Commercial Bank (SCB) in November 2017. In the five years of operations as a SFB, the bank has been able to ramp up its operations from 474 touchpoints as on March 31, 2018, to 953 touchpoints (new and converted) across 20 states and two Union Territories, with 29,883 employees on roll, as on June 30, 2022 (March 31, 2021: 744 touchpoints).

AUSFB, the largest SFB in India, in terms of asset size, has seen steady growth in the total assets increasing from Rs.18,819 crore as on March 31, 2018 to Rs. 68,936 crore as on March 31, 2022 and further to Rs.70,902 crore as on June 30, 2022.

As per the Reserve Bank of India (RBI) guidelines, AUSFB will be eligible to apply for conversion into a universal bank or after a review, RBI may increase its scope of activities after a satisfactory track record of five years of operating as a SFB. However, the conversion would be subject to RBI approval. While the bank would benefit from conversion into a universal bank with the minimum threshold of lending to priority sector reducing from 75% to 40%, the bank's asset strategy would largely continue in

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

1 CARE Ratings Ltd

line with the current asset profile, and CARE Ratings Limited (CARE Ratings) does not expect the bank to have significant exposure to large-ticket corporate lending for the medium-term, even in case of conversion into a universal bank.

Comfortable capitalisation:

Despite undertaking significant growth in the loan book, AUSFB continues to be sufficiently capitalised as on March 31, 2022 and June 30, 2022, helped by regular capital infusions by way of Qualified Institutional Placement (QIP), stake sale in Aavas Financiers Limited, and steady internal accruals. The bank reported a capital adequacy ratio (CAR) of 19.36% (March 31, 2021: 23.36%) and Tier-I CAR of 18.39% (March 31, 2021: 21.53%) as on June 30, 2022, which were well above the minimum regulatory requirement of 15% and 7.5%, respectively. As AUSFB continues to grow its book at a fast pace, it would require regular capital infusions in addition to internal accruals, which alone may not be sufficient to support growth over the medium-term. Going ahead, CARE Ratings expect AUSFB to maintain sufficient cushion over the minimum regulatory requirements.

AUSFB has demonstrated its ability to raise capital in the past, the latest being Rs.626 crore in the month of March 2021. Furthermore, the restriction of promoters to keep their shareholding of a minimum 26% is no longer applicable from April 20, 2022, as the bank completed its five years of its operations as a SFB. The bank announced bonus issue (1:1) and the same was successfully done on June 12, 2022 resulting in capitalisation of its reserves.

Diversified resource profile with a strong growth in deposit base:

AUSFB has transformed its liabilities profile by developing its deposit base since becoming a SFB in FY18. The deposit franchise has consistently increased from Rs.7,923 crore as on March 31, 2018, to Rs. 52,585 crore as on March 31, 2022, and further to Rs. 54,631 crore as on June 30, 2022.

Initially, CASA deposits growth was slow as compared to total deposit growth, which resulted in the CASA ratio falling from 26.9% as on March 31, 2018, to 14.5% as on March 31, 2020. With a focus on increasing retail deposits, AUSFB offered higher interest rates on saving accounts as compared to mainstream banks and undertook extensive marketing exercises. The bank has a strategy of generating deposits from urban markets and lending in the rural markets. The bank is increasing its touchpoints in urban areas to garner more retail deposits.

As a result, the bank was able to improve its CASA ratio to at 23.00% as on March 31, 2021, and to 37.3% as on March 31, 2022 and further to 38.8% as on June 30, 2022. The bank continues to granularise its deposit book with a focus on increasing retail deposits. The share of retail term deposits to total term deposits (excluding CD) has gone up from 30% as on March 31, 2019, to 49% as on March 31, 2022, and further to 53% as on June 30, 2022, which increases stability in the liability profile. Bulk deposits (over Rs.2 crore) constituted around 47% of the term deposits, as on June 30, 2022. A majority (63%) of the bulk deposits are non-callable, which prevents volatility due to premature withdrawals. While the bank has been increasing its depositor base and the proportion of CASA in the past four years of operating as a SFB, it is relatively lower compared to few mid-sized private sector banks, and the scaling-up of the CASA over the next few years would be a key rating sensitivity for the bank.

Consistent track record of healthy earnings performance:

Post conversion to a SFB and access to deposits, the cost of funds has declined over the past three years for AUSFB, as it has increased the proportion of CASA and retail term deposits, further helped by lowering of the systemic interest rates. Also, as a majority of advances (around 80%) of AUSFB are to the unorganised segment, which typically has a higher yield compared to the organised segment, the net interest margin (NIM) for AUSFB is higher than all the universal banks, ranging between 5-5.5%.

The net interest income (NII) is growing consistently, in line with the growth in advances and deposits. The operating expenses of AUSFB continue to be high and may not come down significantly in the medium-term as the bank is in the expansion phase and because of the digital push. Credit cost[2] improved significantly to 0.6% during FY22 (FY21: 1.5%) supported by notable improvement in asset quality. AUSFB reported a return on total assets (ROTA) of 1.88% for FY22 (FY21: 1.28%, adjusted for gains from stake sale of Aavas Financiers Limited including which, the ROTA was 2.5%). For FY22, AUSFB reported a NIM of 5.37% (FY21: 5.05%) on account of lower cost of funds and ROTA of 1.88% due to lower credit cost. During Q1FY23, the bank reported profit after tax (PAT) of Rs.268 Crore on total income of Rs. 1,979 Crore as compared to PAT of Rs.346 crore on total income of Rs.1,978 crore during Q4FY22. The decline in PAT is on account of mark to market (MTM) and realised loss of Rs. 55 crore booked in Q1FY23.

[2] Credit cost includes provisions on standard assets and provision for diminution in value of investments

Key rating weaknesses

Improving asset quality after stress during Q4FY21 and Q1FY22:

AUSFB has historically been able to manage its asset quality to comfortable levels, despite having significant exposure to segments that are more vulnerable to an economic downturn. About 98% of the advances of AUSFB are secured, which provides comfort, in terms on eventual loss on the portfolio.

The gross NPA levels of AUSFB hovered around 1.7%-2.1% between FY18 and FY20, rising to peak levels of 4.3% as on March 31, 2021, and June 30, 2021, due to the impact of COVID-19 on its borrowers. Wheels and Secured Business Loans – the two biggest segments for AUSFB – saw higher slippages during COVID-19 period of FY21 and FY22.

The asset quality has since been improving quarter on quarter from the peak of June 2021, with the gross NPA reducing to 1.98% as on March 31, 2022, and to 1.96% as on June 30, 2022, due to improved collection efficiency of 105% during Q1FY23 and upgrade of various slipped accounts back to standard book in the current year. As on June 30, 2022, the COVID restructured constituted 2.1% of gross advances, respectively, and the provision cover stood at 2.3% of the gross advances, providing cushion against asset quality shocks. Furthermore, the bank has reported that for approximately 99% of the restructured advances billing has commenced and that 16% provision coverage which stood at Rs. 170 crore is sufficient going forward; based on its experience against standard restructured advances of Rs. 1,044 crore outstanding as on June 30, 2022.

Limited product diversification and lower seasoning of non-vehicle/non-SBL portfolio:

AUSFB has witnessed significant portfolio growth in the MSME segments in the past few years. Post conversion to a SFB, it started new products like business banking, gold loan, agri loan, home loan, etc. As on June 31, 2022, the total wheels segment comprised 37% of the AUM, secured business loans (SBL) was 34%, and other products (which are relatively new) comprised the remaining 29% of the AUM, reflecting concentration in wheels and the MSME segment.

However, the bank has scaled up its efforts to diversify into other products such as business banking, agri MSME, personal loan, home loan, etc. Furthermore, the seasoning of the portfolio built up in these products as well as new geographies is still low, and their performance is yet to be seen.

Regional concentration:

As on June 30, 2022, AUSFB's distribution network is spread around 20 states having 953 touchpoints. Of the 953 touchpoints, 369 touchpoints (39%) are located in Rajasthan, followed by Gujarat having 141 touchpoints (15%), and Madhya Pradesh having 128 touchpoints (13%). These top three states account for 66% of the total branch distribution. In terms of AUM as well, the top three states of Rajasthan, Madhya Pradesh, and Maharashtra collectively constituted 69% of the AUM. The state of Rajasthan alone comprised 40% of the AUM, whereas Maharashtra constituted 12%, and Madhya Pradesh constituted 17%.

The company intends to leverage its branch network to drive greater and deeper penetration in the Western and Northern states of India in which it operates, focusing on low and middle-income individuals and businesses that have limited or no access to formal banking and finance channels, spanning rural, semi-urban and urban markets.

Liquidity: Strong

While the ALM profile has certain negative mismatches within the one-year liquidity bucket, it is within the approved limits. In order to manage the gaps in an optimum manner, AUSFB has been focusing on increasing granular deposit, wherein, retail term deposits and savings deposits has grown significantly during FY22. AUSFB's liquidity coverage ratio (LCR) stood at 129% for the quarter-ended June 30, 2022, as against the regulatory requirement of 100%. AUSFB has maintained sufficient excess statutory liquidity ratio (SLR) and high-quality non-SLR instruments, which can be readily used for repo or liquidated in the secondary market. Furthermore, it can also resort to rupee borrowing in the form of CDs, term money, securitisation of portfolio, and re-finance from various domestic financial institutions (NABARD, SIDBI, MUDRA, NHB, and others) in case of liquidity need. Furthermore, the bank's status as a SFxB, has increased its resource raising ability by providing access to facilities like LAF, MSF and call money market to meet any liquidity requirement. Also, the bank has availability of excess priority sector lending (PSL) portfolio over and above regulatory requirement with optionality to capitalise on the same through the right mix of securitisation and PSLC.

Analytical approach: Standalone

Applicable criteria

Policy on default recognition
Rating Outlook and Credit Watch
Financial Ratios – Financial Sector
Bank
Short Term Instruments

Press Release

CareEdge RATINGS

About the company

AU Small Finance Bank Limited (erstwhile AU Financiers (India) Limited) was incorporated in 1996 as a non-banking finance company (NBFC) and started the CV lending business in 2003 as a franchisee originator for HDFC Bank under 'Channel Business' and later moved to lend on its own books since 2007. Over the years, the company forayed into the MSME/SME, housing loans and structured financing and other types of vehicle financing as well.

The company received the license of a SFB from the RBI in December 2016, and commenced banking operations from April 2017. The company received the status of a SCB in November 2017. Post becoming a SFB, it has expanded its product portfolio and geographical footprint. As on June 30, 2022, it has established operations across 953 banking touchpoints serving around 30.7 lakh customers across 20 states and 2 union territories with an employee base of 29,883.

Brief Financials (Rs. crore)	March 31, 2021 (A)	March 31, 2022 (A)	June 30, 2022 (UA)
Total operating income	6,402	6,915	1979
PAT	1,171	1,130	268
Adjusted PAT*	600	1,130	268
Interest coverage (times)	1.84	1.68	1.47
Total Assets#	51,491	68,936	70,902
Net NPA (%)	2.18	0.50	0.56
ROTA (%)	2.50	1.88	1.53
Adjusted ROTA (%)*	1.28	1.88	1.53

A: Audited; UA: Unaudited
Note: All Analytical ratios are as per CARE Ratings' calculations.
*Adjusted for gain from sale of stake in Aavas Financiers Limited.
#Total Assets are adjusted for deferred tax asset

Status of non-cooperation with previous CRA: Not applicable.

Any other information: Not applicable.

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating Assigned along with Rating Outlook
Bonds- Tier-II Bonds	Proposed	-	-	-	200.00	CARE AA; Stable
Bonds- Tier-II Bonds	Proposed	-	-	-	300.00	CARE AA; Stable
Bonds- Tier-II Bonds	Proposed	-	-	-	150.00	CARE AA; Stable
Certificate of deposit	INE949L16BJ4	NA	NA	August 30, 2022	225.00	CARE A1+
Certificate of deposit	Proposed	7-365 days	-	-	275.00	CARE A1+

Press Release

CareEdge RATINGS

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term loan	LT	-	-	-	1)Withdrawn (23-Mar-22)	1)CARE AA-; Stable (30-Mar-21)	1)CARE AA-; Stable (30-Mar-20) 2)CARE AA-; Stable (04-Apr-19)
2	Certificate of deposit	ST	500.00	CARE A1+	-	1)CARE A1+ (23-Mar-22)	1)CARE A1+ (30-Mar-21)	1)CARE A1+ (30-Mar-20) 2)CARE A1+ (04-Apr-19)
3	Bonds- Tier-II Bonds	LT	200.00	CARE AA; Stable	-	1)CARE AA; Stable (23-Mar-22)	-	-
4	Bonds- Tier-II Bonds	LT	300.00	CARE AA; Stable				
5	Bonds- Tier-II Bonds	LT	150.00	CARE AA; Stable				

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not available.

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Bonds- Tier-II Bonds	Complex
2	Certificate of deposit	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please click here

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Press Release

CareEdge RATINGS

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About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:
The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

For the detailed Rationale Report and subscription information,please visit www.careedge.in

CareEdge RATINGS

No. CARE/HO/RL/2022-23/1872

Shri Shantanu Prasad
Head - Treasury
AU Small Finance Bank Limited
Corporate House, E Block, 5th Floor, Kanakia Zillion,
Junction of LBS & CST Marg, BKC Annex, Kurla (West),
Mumbai, Maharashtra 400070.

July 26, 2022

Confidential

Dear Sir,

Credit rating for proposed Tier II Bonds

Please refer to your request for rating of proposed Tier II Bond issue aggregating to Rs.650 crore of your Company..

2. The following ratings have been assigned by our Rating Committee:

Sr. No.	Instrument	Amount (Rs. crore)	Rating[1]	Rating Action
1.	Tier II Bonds	200.00	CARE AA; Stable (Double A; Outlook: Stable)	Reaffirmed
2.	Tier II Bonds	300.00	CARE AA; Stable (Double A; Outlook: Stable)	Assigned
3.	Tier II Bonds	150.00	CARE AA; Stable (Double A; Outlook: Stable)	Assigned
	Total Instruments	650.00 (Rs. Six Hundred Fifty Crore Only)		

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of six months from the date of our initial communication of rating to you i.e. January 25, 2023

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the Bond issue, including the offer document and the trust deed.

7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which will be shared with you separately.

[1]Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.

CareEdge RATINGS

8. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

9. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

10. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

11. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.

12. Our ratings are **not** recommendations to buy, sell or hold any securities.

13. If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE Ratings Ltd.

Thanking you,

Yours faithfully,

Meghavi Shah

Aditya Acharekar

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Disclaimer

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CARE Ratings Limited

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CIN-L67190MH1993PLC071691

Ratings

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RL/AUFIL/298641/TIIB/0722/38372/113838941
July 28, 2022

Mr. Sanjay Agarwal
Managing Director
AU Small Finance Bank Limited
Kanakia Zillion, D wing, Unit no 313, 3rd floor,
LBS CST Road Junction, BKC Annex,
Kurla West
Mumbai City - 400070

Dear Mr. Sanjay Agarwal,

Re: Review of CRISIL Rating on the Rs.525 Crore Tier II Bond of AU Small Finance Bank Limited

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

CRISIL Ratings has, after due consideration, reaffirmed its CRISIL AA/Stable (pronounced as CRISIL double A rating with Stable outlook) rating to the captioned Debt instrument. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Aasha Maru
Associate Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

Disclaimer: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratingsdesk@crisil.com or at 1800-267-1301

CRISIL Ratings Limited
(A subsidiary of CRISIL Limited)
Corporate Identity Number: U67100MH2019PLC326247

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RL/AUFIL/298641/TIIB/0722/38372/113838949
July 28, 2022

Mr. Sanjay Agarwal
Managing Director
AU Small Finance Bank Limited
Kanakia Zillion, D wing, Unit no 313, 3rd floor,
LBS CST Road Junction, BKC Annex,
Kurla West
Mumbai City - 400070

Dear Mr. Sanjay Agarwal,

Re: CRISIL Rating on the Rs.125 Crore Tier II Bond of AU Small Finance Bank Limited

We refer to your request for a rating for the captioned Debt instrument.

CRISIL Ratings has, after due consideration, assigned a CRISIL AA/Stable (pronounced as CRISIL double A rating with Stable outlook) rating to the captioned Debt instrument. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

Further, in view of your decision to accept the CRISIL Ratings, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Aasha Maru
Associate Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

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Details of the Rs.125 Crore Tier II Bond of AU Small Finance Bank Limited

	1st tranche		*2nd tranche*		*3rd tranche*	
Instrument Series:						
Amount Placed:						
Maturity Period:						
Put or Call Options (if any):						
Coupon Rate:						
Interest Payment Dates:						
Principal Repayment Details:	Date	Amount	Date	Amount	Date	Amount
Investors:						
Trustees:						

In case there is an offer document for the captioned Debt issue, please send us a copy of it.

Disclaimer: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratingsinfo@crisil.com or at 1800-267-1301

CRISIL Ratings Limited
(A subsidiary of CRISIL Limited)
Corporate Identity Number: U67100MH2015PLC266247

Ratings
CRISIL Ratings Limited (A subsidiary of CRISIL Limited)

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Rating Rationale

July 28, 2022 | Mumbai

AU Small Finance Bank Limited

'CRISIL AA/Stable' assigned to Tier II Bond; Subordinated Debt Bond Withdrawn

Rating Action

Rs.125 Crore Tier II Bond	CRISIL AA/Stable (Assigned)
Rs.625 Crore Tier II Bond	CRISIL AA/Stable (Reaffirmed)
Rs.600 Crore Tier II Bond	CRISIL AA/Stable (Reaffirmed)
Rs.40000 Crore Fixed Deposits	CRISIL AA+/Stable (Reaffirmed)
Rs.10 Crore Subordinated Debt Bond	CRISIL AA/Stable (Withdrawn)
Rs.1200 Crore Certificate of Deposits	CRISIL A1+ (Reaffirmed)

1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its **'CRISIL AA/Stable'** rating to Rs.125 crore tier II bond of AU Small Finance Bank Limited (AU SFB) and reaffirmed its 'CRISIL AA/CRISIL AA+/Stable/CRISIL A1+' ratings on outstanding debt instruments.

CRISIL Ratings has also **withdrawn** its rating on Subordinated Debt Bond of Rs.10 crores (See annexure 'Details of Rating Withdrawn') as CRISIL Ratings has received independent confirmation that these instruments have been redeemed. The withdrawal is in line with CRISIL Ratings withdrawal policy.

The rating reflects the sustenance in bank's overall performance and its demonstrated ability to meet the expectations around improvement in asset quality and earnings profile despite pandemic induced challenges. The bank's improving liability profile is also reflected in the rating. The bank has demonstrated its ability to manage its asset quality in the post-Covid scenario and maintain non-performing assets (NPAs) at a level which is lower than peers. Post Covid-19, the GNPAs peaked at 4.3% as of March 31, 2021 and remained at elevated levels on account of the pandemic's second wave's disruption. However, with gradual relaxation in lockdown restrictions and resumption in customer's cash-flows led to improved collection efficiency, AU SFB's asset quality has revived strongly. As of June 30, 2022, the bank reported an improved GNPA of 1.96% whereas NNPA stood at 0.56% which is expected to be sustained in the medium term.

Further, the bank has also maintained healthy profitability metrics, despite heightened provisioning requirement, as reflected in the return on assets (RoA) of 1.59% and 1.28%, respectively for fiscal 2020 and 2021 (adjusted for one-time sale proceeds realized from stake sale of Aavas Financiers). With operating profitability remaining stable and reduction in credit costs, the RoA for fiscal 2022 revived to 1.87% despite an increase in the bank's provision coverage ratio (PCR) to ~75% from 45-50% until H1 of fiscal 2022. For Q1 2023, annualized RoA was 1.5% while PCR remained comfortable at 71.4% as on June 30, 2022.

There has also been a sustained improvement in the bank's overall liability profile marked by increasing share of deposits in the overall external liabilities and, continued ramp up in retail deposit franchise. This also factors in the gradual increase in the share of Current and Savings Accounts (CASA) as a share of total deposits and total liabilities, over the last 4 quarters. The deposit base of Rs 54,631 crore as on June 30, 2022 – marks a growth of 48% over the past fiscal and accounts for 90% of total borrowings (excluding securitisation and assignments).

The share of retail term deposits (less than Rs 2 crore) plus CASA in total deposits increased from 45.3% as on March 31, 2020 to 58.4% as on March 31, 2022. Similarly as a proportion of total borrowings, the share increased from 32.3% to 52.4% over the same period. CASA as a proportion of total deposits was 39% on June 30, 2022. This share of CASA in overall deposit base is not expected to come down materially in the coming quarters and will remain a key monitorable.

As on March 31, 2022, the bank's fixed deposits (FDs; including compounded interest) stood at Rs 31,394 crore, registering a growth of 20.7% over the preceding 12 months. The depositor profile for FDs remains diversified with almost 57% of it being sourced from individuals, sole proprietors, partnership firms, among others. In terms of maturity profile of outstanding FDs, the share of deposits having a tenure of more than nine months increased from 76% in March 2019 to 87% as of March 2022. The bank is now attempting to increase focus on its retail deposit franchise and forgo a few wholesale accounts if need be, with the dual objective of reducing cost of funds and to attain higher granularity.

The ratings remain driven by AU SFB's adequate capitalisation, consistent ramp-up in deposit franchise, healthy reported asset quality and adequate profitability. These strengths are partially offset by moderate, though improving, scale of operations and geographic concentration in assets.

Key Rating Drivers & Detailed Description

Strengths:

Adequate capitalisation

Capitalisation, adequate in relation to the bank's scale of operations, is supported by steady internal accruals apart from the bank's track record to raise need-based capital. On June 30, 2022, the bank's reported networth stood at Rs 7,789 crore as against Rs 6,490 crore on June 30, 2021. On June 30, 2022, the bank's reported overall and tier 1 capital adequacy ratios (CAR) were comfortable at 18.4% and 19.4%, respectively and both these metrics have remained above 15% historically. Over fiscal 2020 and 2021, the bank has cumulatively realized Rs 834.8 crore as proceeds from selling its stake in Aavas Financiers Ltd (Aavas). These proceeds have bolstered the networth. After the last round of dilution in November 2020, the bank holds 0.004% stake in Aavas. Besides, the bank plans to raise capital in the current fiscal to fund future growth and is expected to maintain adequate capitalisation with CAR at over 18% on steady state basis.

Sustained ramp-up in deposit franchise

The bank's deposit base has registered a steady growth rate over the last two to three fiscals alongside an increasing share of retail deposits (retail term deposits and CASA) as a proportion of total deposits and, of overall external liabilities as well. Registering a 3 year CAGR of 40.1%, the bank's deposit base stood at Rs 54,631 crore as on June 30, 2022 which constitutes 90% of the total borrowings as compared to 86%, a year ago.

The deposit mix has been evolving, with higher focus on retail deposits. The aggregate share of CASA and retail term deposits (TD, of less than Rs 2 crore) in the total deposit base (including Certificates of Deposit) has been increasing consistently. As compared to 45.3% as on March 31, 2020, the proportion increased to 58.4% as of March 31, 2022.

Alongside growth in deposit base, the average cost of funds declined as incremental funds are being sourced in the form of low cost deposits and refinance from financial institutions. For fiscal 2017, cost of funds was 9.8%, which declined to 8.43% for fiscal 2018 and subsequently to 6.83% for fiscal 2021, For fiscal 2022, average cost of funds further reduced to 5.9% and and further to 5.7% for Q1 2023.

Over fiscal 2019 and 2020, AU SFB had offered a higher rate incentive to ramp up its retail deposit franchise after the banking sector faced volatility in the deposit base for a short period owing to market disruptions caused by some specific events at a few non-banks and banks. The second half of fiscal 2020 witnessed two major events - one in September 2019 pertaining to a co-operative bank and the other in March 2020 when moratorium was imposed on a large private bank - that had an impact of the deposits inflow for the banking sector. In the aftermath of both, the inflow of incremental deposits moderated for AU SFB for a short span; however, it corrected to its business-as-usual rate soon after.

Over the near to medium term, the bank's ability to sustain improvement in its retail deposit franchise reflected by consistent increase in the share of retail deposits (retail TDs and CASA) in the total deposit and overall liabilities base, while maintaining competitive cost of funds, will serve as a key rating sensitivity factor.

Demonstrated track record of maintaining better than average asset quality metrics, even in a stress case scenario

AU SFB has sustained its asset quality over the past few years supported by strong focus on portfolio monitoring and collection practices. This is in addition to the sound understanding of the operating geography and borrower profile. Up until March 2020, the bank's reported GNPA had remained below 3%. Post the outbreak of the pandemic, the bank's collection efficiency dipped with a sizeable proportion of the book in moratorium. However, as the restrictions were uplifted in stages and economic activity resumed in a staggered manner, the bank's business also picked up, both in terms of collections and disbursements. From 54% for April 2020, collection efficiency (including over dues, excluding prepayments) improved to 96% in Q2'FY21. The collection efficiency momentum was sustained and reached 107% in Q4'FY21. Thereafter, as the second pandemic wave broke out, a temporary impact was observed over April and May 2021 though, it corrected shortly after that. Reported GNPAs and NNPAs, after rising to 4.3% and 2.2% and 4.3% and 2.3% as on March 31 and June 30, 2021, respectively started to decline in the second half of fiscal 2022 and stood at 2.0% and 0.6% respectively on June 30, 2022.

The bank had a standard restructured portfolio of Rs 1044 crore as at the end of June 2022 which accounted for 2.1% of the gross advances as on that date. Majority of these loans were restructured in Q4'FY21 and Q1'FY22. It was also noted that the bank extended loans under Emergency Credit Line Guarantee Scheme (ECLGS) to the tune of Rs 570 crore in fiscal 2021 and Rs 500 crore fiscal 2022. For some proportion of the portfolio against which ECLGS loans were disbursed, restructuring was also extended. . Over the medium to long run, the pace at which the bank reinstates repayment discipline among its borrowers and maintains its resolution rate will remain a key monitorable.

As on June 30, 2022, the bank was carrying Rs 1,155 crore as provisions which forms 2.3% of its gross advances as on that date.

Over the past two fiscals, the bank has diversified its product suite and the SBL (loans to micro small and medium enterprises, MSME) book, in particular, has grown at a robust pace and now forms 34% of the total loan book. As the book is of relatively longer tenure and has grown at fast pace, the asset quality behavior here would be a key monitorable. Wheels (vehicle loans), which was the largest asset class with over 40% share in the overall assets under management (AUM) until a few quarters ago, currently forms 37% of the AUM.

Adequate profitability despite costs linked to SFB transition and heightened provisioning requirement post Covid-19

AU SFB's profitability has remained adequate over the last 3-4 years. As anticipated earlier, after commencement of banking operations, return on average assets (RoA) declined from 2.7% (adjusted for exceptional income) in fiscal 2017 to 1.5-2.0% for the succeeding fiscals on account of shrinkage in net interest income (NII), investments in lower-yielding securities in compliance with statutory liquidity ratio (SLR) requirement and other technology and head office costs. As the bank has been able to replace legacy institutional borrowing by low-cost deposits, leading to decline in overall cost of funds, benefits were passed on to the customers as well by the mode of reduction in yield. As a bank, it has more avenues to increase other income on account of aspects like increased customer and distribution network, increase in income from priority sector lending certificates (PSLCs) and cross-sell of products to customers.

The Bank's yields declined in fiscal 2021 due to its cautious lending approach given the uncertainty around the pandemic. This resulted in a decline of 10 bps in net interest margins for fiscal 2021. Other income, excluding one-time gain from the sale of stake in Aavas Financiers Ltd, also remained flat over the year. Additional provisioning requirement post Covid-19 losses led to a credit cost of 1.3% for fiscal 2021 as compared to sub 0.6% credit costs for previous years. Resultantly, RoA (return on assets, adjusted for one-time gain and tax benefit on it) for fiscal 2021 was 1.28% as against 1.59 for the previous fiscal.

However, for fiscal 2022, the NII had increased on account of reduced cost of incremental funding while yields remained high. Recoveries from write offs, classified under other income, had also increased during the period. After an incremental provisioning of Rs 361 crore in fiscal 2022, RoA for the year stood at 1.87%. For Q1 2023, the bank reported an RoA of 1.5% (annualized).

In the medium term to long term, AU SFB is expected to sustain its net interest margin driven by strong market position in core territories and product segments, which allow it to price in the risks suitably. Operating expense ratios should remain at current levels given there are no major expansion plans in the medium term apart from the regular branch expansion. The ability of the bank to sustain its overall profitability, while scaling business across fast growing segments like SBL (MSME), and housing will remain critical.

Weakness:
Moderate, though improving, scale of operations and geographic concentration in business
Scale of operations, though improving, remains moderate in relation to private banking peers despite higher-than-industry-average growth. AUM was at Rs 50,151 crore as on June 30, 2022, marking a growth of 37% over the year. The first quarter of fiscal 2022 witnessed a decline in AUM due to muted demand, cautious disbursement strategy and lockdown restrictions amidst second wave of Covid-19. However, subsequent revival in the second quarter resulted in healthy pick up in AUM over the subsequent quarters, leading to a pick up in growth in AUM. The bank leverages on its strong presence in the retail asset segment with a diversified product profile. After converting into a bank, AU SFB has diversified into asset segments such as home loans, agricultural-SME loans, gold loans, personal loans and credit cards, business banking, working capital, and overdraft facilities in addition to its businesses of Wheels and SBL. As a strategic call, the bank has curtailed its exposure to corporate segments like lending to non-banking financial companies (NBFCs), builder loans against property (LAP), etc over the last few quarters.

In terms of AUM mix, over ~80% of the book is deployed in retail loans with Wheels forming the largest portion at 37% followed by SBL, which accounted for 34% of the book.

Geographically, though it has a strong track record of operations in Rajasthan, Maharashtra, Madhya Pradesh and Gujarat, AU SFB's portfolio is concentrated across the four states to the extent of 79%, with Rajasthan alone accounting for 40% of the overall AUM.

Over the medium term, diversity across product suite and geographical base is not expected to change materially as the bank continues to focus on increasing its penetration in these states and product segments, and does not have plans to grow aggressively in newer domains.

CASA, though improving, remains low as a proportion of overall liabilities in comparison with larger private banks
While AU SFB has demonstrated its ability to ramp-up deposit base in the initial phase of its banking journey and continues to do so gradually, its CASA – though improved over the last fiscal – remains lower than that of other larger private banks.

While the share of retail deposits as of March 31, 2022 rose to 58.4% as on March 31, 2022 from 45.3% as on March 31, 2020, share of bulk deposits still remains higher than a number of other private banks. Bulk deposits, as opposed to retail deposits, are inherently rate-sensitive and not sticky. However, 68% of AU SFB's bulk term deposits are reported to be non-callable. Nevertheless, they pose inherent challenges in managing asset liability maturity mismatches, particularly when the liquidity environment is tight. Consequently, building a granular deposit profile with a solid share of CASA is critical.

The share of CASA, though improved, was lower than that for larger private banks at 34.9% of total borrowings (deposits plus other borrowings) and 38.8% of the total deposit base (including certificate of deposits) as on June 30, 2022. Fiscal 2020 witnessed disruptive events at two banks - one in September 2019 and the other in March 2020 that had an impact on deposit inflow for a number of private banks. In the aftermath of both, the inflow of incremental deposits moderated for AU SFB for a short span before correcting to business-as-usual rates soon after.

In the medium to long term, AU SFB's ability to sustain this improvement in CASA such that its share in the total deposits and overall borrowings of the bank increases and demonstrates sustainability, will be a key rating sensitivity factor.

Liquidity: Strong
The bank reported an average Liquidity Coverage Ratio (LCR) of 129% for the quarter ended June 30, 2022, against regulatory requirement of 100%. Moreover, the bank had an adequate balance of excess SLR and other avenues of liquidity. It has also mobilized funds as refinance from NABARD and SIDBI in in the last fiscal.

ESG Profile
CRISIL Ratings believes that AU SFB's Environment, Social, and Governance (ESG) profile supports its already strong credit risk profile.

The ESG profile of financial institutions typically factors in governance as a key differentiator between them. The sector has reasonable social impact because of its substantial employee and customer base, and it can play a key role in promoting financial inclusion. While the sector does not have a direct adverse environmental impact, the lending decisions may have a bearing on environment and other sustainability related factors.

AU SFB has demonstrated an ongoing focus on strengthening various aspects of its ESG profile.

AU SFB's key ESG highlights:

- As part of its ESG strategy, the bank has identified certain environmental challenges and has been taking actions to make meaningful contribution. With that as the target, the bank has been promoting digital-first approach. By introducing digital visiting cards and digitalized operations through paperless onboarding and video banking platform, the bank has contributed towards reducing carbon footprint which in turn helped the bank save 30,00,000 papers in fiscal 2022.
- The bank encourages the use of renewable energy. As on March 31, 2022, 8.5% of bank's Wheels book is covered under green portfolio.
- To contribute towards building a responsible banking industry by serving customers across the socio-economic spectrum, the bank is furthering the cause of financial inclusion by making financial services accessible to the under-served. Last fiscal, over 1,93,000 customers were provided financial services under Jan Dhan Yojana.
- The bank has been using energy-efficient systems and sustainable infrastructure for its operations and follow the circular economy model for waste management. In fiscal 2022, the bank installed a 1.25 MW solar plant in Jaipur.
- With an intent to make meaningful contributions to the communities through its AU Foundation, last fiscal the bank contributed towards Covid-19 relief activities, focusing majorly on addressing the oxygen shortage during second wave, strengthening delivery system, providing safety equipment's and trainings, community vaccinations etc.
- About 5-6% of the bank's workforce comprised females and ratio of permanent employees to contract employees was 30.2 times for fiscal 2021. Number of women as part of the workforce were lower than peers, at 5-6% for fiscal 2021 and are estimated to have remained at similar level in fiscal 2022 as well.
- The strength of governance is reflected in the extensive experience of the board and management, over 70% of the board comprised independent directors. More so, there is a distinction between the Chairman and any executive role at the bank.
- In the past, there have been certain exits in key management positions (chief internal auditor and chief risk officer) in a short time window due to personal reasons/ internal movements. In the long run, stability in the senior management will remain a monitorable.

There is growing importance of ESG among investors and lenders. AU SFB's commitment to ESG will play a key role in enhancing stakeholder confidence, given high share of foreign investors as well as access to both domestic and foreign capital markets.

Outlook: Stable

CRISIL Ratings believes AU SFB will sustain its asset quality metrics and profitability at above average levels while scaling up the loan portfolio. The build-up the bank's liability franchise driven by an increasing share of CASA and retail term deposits – in total deposits and overall borrowings - is also expected to continue.

Rating Sensitivity Factors

Upward Factors

- Continued increase in share of CASA and overall deposits as a proportion of total borrowings in line with other mid-size private sector banks
- Scale-up of operations while maintaining asset quality with GNPA below 3% and, profitability at above RoA level of 2.5% on a steady state basis.

Downward Factors

- Deterioration in asset quality reflected in rise in GNPA to over 4% and weakening of earnings profile evidenced by RoMA remaining below 1.5% for a prolonged period, resulting in moderation of capitalization
- Inability to sustain and improve the momentum of traction is overall deposits and CASA declining to and remaining below 30% of total deposits.

About the Company

AU SFB (formerly Au Financiers (India) Ltd) was incorporated in 1996 as an NBFC, promoted by Mr. Sanjay Agarwal, with 25+ years legacy of being a retail focused institution. AU SFB started its banking operations in April 2017 and listed its shares on Bombay Stock Exchange and National Stock Exchange in July 2017. AU SFB has an established market position in Rajasthan, and has expanded operations to Maharashtra, Gujarat, and other states over the years. AU SFB's main focus is retail asset-financing segment, primarily in the vehicle financing segment (around 37% of AUM) alongside Small Business Loans to MSMEs (34%). Other segments include housing, gold loans, personal loans, overdraft, and commercial Banking Products.

AU SFB's liability product offerings include the entire gamut of current account, savings account, recurring and term deposits, transaction banking, bouquet of third-party mutual funds and insurance covers.

As on June 30, 2022, AU SFB had established operations across 953 banking touchpoints while serving 30.7 Lakh customers in 20 States & 2 Union Territories with an employee base of 28,883, employees.

Key Financial Indicators

Particulars as on/for fiscal	Unit	Q1 2023	2022	2021
Total assets	Rs.Cr	71,041	70,814	64,884
Total income@	Rs.Cr	1979	8815	6720
PAT@	Rs.Cr	288	1130	600
Gross NPA	%	2.0	2.0	4.3
Overall capital adequacy ratio	%	18.4	21.0	23.4
Tier I capital adequacy ratio	%	18.4	18.7	21.6
Return on assets @	%	1.6	1.9	1.3

@net of exceptional income adjusted for taxes for fiscal 2021 and 2020

Any other information: Not applicable

Note on complexity levels of the rated instrument:
CRISIL Ratings' complexity levels are assigned to various types of financial instruments. The CRISIL Ratings' complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL Ratings' complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of instrument(s)

ISIN	Nature of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Amount (Rs.In Cr)	Complexity Level	Rating Assigned with Outlook
NA	Tier II Bonds*	NA	NA	NA	125	Complex	CRISIL AA/Stable
NA	Tier II Bonds*	NA	NA	NA	525	Complex	CRISIL AA/Stable
INE949L08418	Tier II Bonds	30-Nov-18	10.90%	30-May-25	500	Complex	CRISIL AA/Stable
NA	Certificate of Deposits	NA	NA	7-365 days	1200	Simple	CRISIL A1+
NA	Fixed Deposits	NA	NA	NA	40000	Simple	CRISIL AA+/Stable

*Yet to be issued

Annexure - Details of Rating Withdrawn

ISIN	Name of Instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Cr)	Complexity Levels
INE949L08095	Subordinated Debt Bond	05-Jun-13	13.00%	05-Mar-19	10	Complex

Annexure - Rating History for last 3 Years

	Current			2022 (History)		2021		2020		2019		Start of 2019
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Certificate of Deposits	ST	1200.0	CRISIL A1+	07-07-22	CRISIL A1+	23-11-21	CRISIL A1+	03-12-20	CRISIL A1+	17-06-19	CRISIL A1+	CRISIL A1+
			--	29-06-22	CRISIL A1+		--	29-06-20	CRISIL A1+		--	--
Fixed Deposits	LT	40000.0	CRISIL AA+/Stable	07-07-22	CRISIL AA+/Stable	23-11-21	F AA+/Positive	03-12-20	F AA+/Stable		--	--
			--	29-06-22	CRISIL AA+/Stable		--		--		--	--
Non Convertible Debentures	LT		--	29-06-22	CRISIL AA/Stable	23-11-21	CRISIL AA-/Positive	03-12-20	CRISIL AA-/Stable	17-06-19	CRISIL AA-/Stable	Withdrawn
			--		--		--	29-06-20	CRISIL AA-/Stable		--	--
Subordinated Debt Bond	LT	10.0	Withdrawn	07-07-22	CRISIL AA/Stable	23-11-21	CRISIL AA-/Positive	03-12-20	CRISIL AA-/Stable	17-06-19	CRISIL AA-/Stable	Withdrawn
			--	29-06-22	CRISIL AA/Stable		--	29-06-20	CRISIL AA-/Stable		--	--
Tier II Bond	LT	1150.0	CRISIL AA/Stable	07-07-22	CRISIL AA/Stable	23-11-21	CRISIL AA-/Positive	03-12-20	CRISIL AA-/Stable	17-06-19	CRISIL AA-/Stable	CRISIL AA-/Stable
			--	29-06-22	CRISIL AA/Stable		--	29-06-20	CRISIL AA-/Stable		--	--

All amounts are in Rs.Cr.

Criteria Details

Links to related criteria
CRISIL's Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Banks and Financial Institutions
CRISIL's criteria for rating fixed deposit programmes
CRISIL's Criteria for rating short term debt

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7/28/22, 10:47 PM Rating Rationale

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ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

CATALYST
Believe in yourself. Trust us!

CL/MUM/22-23/DEB/449

July 25th, 2022

To,
AU Small Finance Bank Limited
CP3-235, Industrial Area, Apparel Park,
RIICO Area, Sitapura Jaipur 302022 RJ IN

Dear Sir/Madam,

Consent to act as Trustee for Unsecured, Unlisted, Subordinated, Redeemable Non-Convertible Lower Tier II Bonds in the form of Non-Convertible Debentures aggregating upto INR 700 Crores to be issued by your Company.

This is with reference to the discussions in respect of appointment of Catalyst Trusteeship Limited (CTL) (Formerly GDA Trusteeship Limited) to act as Debenture Trustee for the Unsecured, Unlisted Subordinated, Redeemable Non-Convertible Lower Tier II Bonds in the form of Non-Convertible Debentures aggregating upto Rs. 700 Crores. In this connection, we are agreeable to act as Trustee on the following trusteeship remuneration:

Acceptance fees	:	Rs. 3,50,000 /- (one-time non-refundable payment payable on our appointment);
Service Charges	:	Rs. 5,25,000/- p.a. payable annually on 1st April every year.

All out of pocket expenses incurred towards legal fees, travelling, inspection charges, etc shall be levied and re-imbursed on actual basis.

Yours faithfully,

For **Catalyst Trusteeship Limited**

Authorized Signatory

We Accept the above terms
For **AU Small Finance Bank Limited**

Authorized Signatory

NOTE: As per GST guidelines, CTL would be required to pay the applicable Service Tax on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made.

CATALYST TRUSTEESHIP LIMITED
Mumbai Office Windsor, 6th Floor, 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai 400 098 Tel +91 (22) 4922 0555 Fax +91 (22) 4922 0505
Regd. Office Unit-Hexaus, Plot No. 38, Bhusari Colony (Right), Paud Road, Pune 411 038 Tel +91 (20) 66811200
Delhi Office Office No. 601, 6th Floor, Hickam Building, 30, Kasturba Gandhi Marg, New Delhi - 110001 Tel +91 (11) 4752 0900/02
CIN No. U74999PN2011PLC139202 Email dt@catalysttrustee.com Website www.catalysttrustee.com
Pune | Mumbai | Bangalore | Delhi | Chennai | GIFT City | Kolkata

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CATALYST

Believe in yourself... Trust us!

CL/MUM/22-23/DEB/449

July 25th, 2022

To,
AU Small Finance Bank Limited
CP3-235, Industrial Area, Apparel Park,
RIICO Area, Sitapura Jaipur 302022 RJ IN

Dear Sir/Madam,

Consent to act as Trustee for Unsecured, Unlisted, Subordinated, Redeemable Non-Convertible Lower Tier II Bonds in the form of Non-Convertible Debentures aggregating upto INR 700 Crores to be issued by your Company.

This is with reference to the discussions in respect of appointment of Catalyst Trusteeship Limited to act as Debenture Trustee for the Unsecured, Unlisted, Subordinated, Redeemable Non-Convertible Lower Tier II Bonds in the form of Non- Convertible Debentures aggregating upto Rs. 700 Crores to be issued by your Company. In this connection, we are agreeable to act as Trustee on the terms and conditions as mutually agreed between the Trustee and the Company.

The Company and the Trustee shall enter into relevant trustee agreements and other necessary documents for the aforesaid issue of NCDs and term loans and also agrees & undertakes to comply with the provisions of the SEBI (Debenture Trustees) Regulations, 1993, the Companies Act, 2013 and any other applicable statutes, regulations and provisions as amended from time to time.

We are also agreeable for inclusion of our name as trustees in the Company's offer document/disclosure document/ listing application/any other document to be filed with the Stock Exchange(s) or any other authority as required.

Yours faithfully,

For **Catalyst Trusteeship Limited**

Authorized Signatory

We Accept the above terms
For **AU Small Finance Bank Limited**

Authorized Signatory

CATALYST TRUSTEESHIP LIMITED

Mumbai Office Windsor, 6th Floor, 604, C.S.T. Road, Hallna, Santacruz (East), Mumbai-400 098 Tel +91 (22) 4922 0555 Fax +91 (22) 4922 0505
Regd. Office COA House, Plot No. 85, Bhusari Colony, Bright, Paud Road, Pune-411 038 Tel +91 (20) 66807200
Delhi Office Office No. 830, 8th Floor, Kanish Building, 26, Kasturba Gandhi Marg, New Delhi - 110001 Tel +91 (11) 4102 2600/02
CIN No. U74999MH2017PLC290862 Email info@catrustee.com Website www.catalysttrustee.com

Pune | Mumbai | Bangalore | Delhi | Chennai | GIFT City | Kolkata

ANNEXURE IV: APPLICATION FORM

AU SMALL FINANCE BANK LIMITED
Date of Incorporation: January 10, 1996*
Registered Office: 19A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001, Rajasthan, India
Corporate Office: 5th Floor, E Wing, Kanakia Zillion, Junction of CST Road and L.B.S. Marg, Kurla West, Mumbai – 40007, Maharashtra, India
Telephone No.: 022-62490600
Contact Person: Mr. Manmohan Parnami
Email: investorrelations@aubank.in
Website: www.aubank.in

DEBENTURE SERIES APPLICATION FORM SERIAL NO.	0	0	0	0	0	0	0	0	1

ISSUE ON A PRIVATE PLACEMENT BASIS OF UNSECURED, RATED, LISTED REDEEMABLE, SUBORDINATED, NON-CONVERTIBLE LOWER TIER II BONDS IN THE FORM OF NON-CONVERTIBLE DEBENTURES IN 3 (THREE) SERIES: (A) ONE OF UPTO 250 (TWO HUNDRED AND FIFTY) RATED LISTED UNSECURED REDEEMABLE SUBORDINATED LOWER TIER II BONDS IN THE FORM OF NON-CONVERTIBLE SERIES I DEBENTURES AGGREGATING UP TO RS. 250,00,00,000/- (RUPEES TWO HUNDRED AND FIFTY CRORES ONLY) WITH AN OPTION TO RETAIN ADDITIONAL SUBSCRIPTION/ GREEN SHOE OPTION OF RS.200,00,00,000/- (RUPEES TWO HUNDRED CRORES ONLY); (B) ONE OF UPTO 100 (ONE HUNDRED) RATED LISTED UNSECURED REDEEMABLE SUBORDINATED LOWER TIER II BONDS IN THE FORM OF NON-CONVERTIBLE SERIES II DEBENTURES AGGREGATING UP TO RS. 100,00,00,000/- (ONE HUNDRED CRORES ONLY); AND (C) ANOTHER OF UPTO 50 (FIFTY) RATED LISTED UNSECURED REDEEMABLE SUBORDINATED LOWER TIER II BONDS IN THE FORM OF NON-CONVERTIBLE SERIES III DEBENTURES AGGREGATING UP TO RS. 50,00,00,000/- (RUPEES FIFTY CRORES ONLY), COLLECTIVELY AGGREGATING UPTO RS. 600,00,00,000/- (RUPEES SIX HUNDRED CRORES ONLY), IN DEMATERIALISED FORM (COLLECTIVELY THE "*ISSUE*")

DEBENTURE SERIES APPLIED FOR:

Number of Debentures _____ In words _____

Amount Rs. _____/-_ in words Rupees _____
_____Crores only

DETAILS OF PAYMENT:

RTGS
No. _____ Drawn on_____

Funds transferred to AU Small Finance Bank Limited
Dated _____

Total Amount Enclosed

(In Figures) _____ (In words) _____

APPLICANT'S NAME IN FULL (CAPITALS) **SPECIMEN SIGNATURE**

APPLICANT'S ADDRESS

ADDRESS					
STREET					
CITY					
PIN		**PHONE**		**FAX**	

APPLICANT'S PAN/GIR NO. _____ IT CIRCLE/WARD/DISTRICT ____

WE ARE ( ) COMPANY ( ) OTHERS ( ) SPECIFY _____

By making this application, we have read and understood the terms and conditions of the issue of Debentures including the Risk Factors described in the Placement Memorandum and have considered these in making our decision to apply. We bind ourselves to these terms and conditions and wish to apply for allotment of these Debentures. We request you to please place our name(s) on the Register of Debenture Holders.

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's
Signature

We the undersigned, are agreeable to holding the Debentures of the Bank in dematerialised form. Details of my/our Beneficial Owner Account are given below:

DEPOSITORY	**NSDL and CDSL**
DEPOSITORY PARTICIPANT NAME	
DP-ID	
BENEFICIARY ACCOUNT NUMBER	
NAME OF THE APPLICANT(S)	

Applicant Bank Account: (Settlement by way of Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT/RTGS/other permitted mechanisms)	

FOR OFFICE USE ONLY
DATE OF RECEIPT _____ DATE OF CLEARANCE _____

(Note: Cheque and Drafts are subject to realisation)

We understand and confirm that the information provided in the Placement Memorandum is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer and other intermediaries and their agents and advisors associated with this Issue. We confirm that we have for the purpose of investing in these Debentures carried out our own due diligence and made our own decisions with respect to investment in these Debentures and have not relied on any representations made by anyone other than the Issuer, if any.

We understand that: i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, (ii) we must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, (iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Bank shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

We understand that we are assuming on our own account, all risk of loss that may occur or be suffered by us including as to the returns on and/or the sale value of the Debentures.

Applicant's
Signature

FOR OFFICE USE ONLY

DATE OF RECEIPT _____ DATE OF CLEARANCE _____

(Note : Cheque and Drafts are subject to realisation)

----------(TEAR HERE)----------

- ACKNOWLEDGMENT SLIP -

(To be filled in by Applicant) **SERIAL NO.**	**1**								

Received from _____

Address_____

_____

Cheque/Draft/UTR # _____ Drawn on _____ for Rs. _____ on account of application of _____ Debenture

ANNEXURE V: LAST AUDITED FINANCIAL STATEMENTS

Attached Separately

ANNEXURE VI: ILLUSTRATION OF BOND CASH FLOWS

<table>
<tr><th colspan="2">Illustration of Bond Cash Flows</th></tr>
<tr><td>Bank</td><td>AU Small Finance Bank Limited</td></tr>
<tr><td>Face Value (per security)</td><td>Rs. 1,00,00,000/- (Rupees One Crore only)</td></tr>
<tr><td>Issue Date / Date of Allotment</td><td>Issue Opening Date: August 2, 2022
Deemed Date of Allotment: August 3, 2022</td></tr>
<tr><td>Maturity Date</td><td>
<table>
<tr><th>Series</th><th>Maturity Date</th></tr>
<tr><td>Series I Debentures</td><td>August 3, 2032 being the date falling on the expiry of 120 (One Hundred and Twenty) months from the Deemed Date of Allotment (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations), as set out in detail in Annexure VI (Illustration of Bond Cashflows) of this Placement Memorandum.</td></tr>
<tr><td>Series II Debentures</td><td>August 13, 2032 being the date falling on the expiry of 120 (One Hundred and Twenty) months and 10 (Ten) calendar days from the Deemed Date of Allotment (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations), as set out in detail in Annexure VI (Illustration of Bond Cashflows) of this Placement Memorandum.</td></tr>
<tr><td>Series III Debentures</td><td>August 23, 2032 being the date falling on the expiry of 120 (One Hundred and Twenty) months and 20 (Twenty) calendar days from the Deemed Date of Allotment (subject to adjustments for day count convention in accordance with the SEBI Debt Listing Regulations), as set out in detail in Annexure VI (Illustration of Bond Cashflows) of this Placement Memorandum.</td></tr>
</table>
</td></tr>
<tr><td>Coupon Rate</td><td>9.30% (Nine Decimal Point Three Zero Percent) per annum.</td></tr>
<tr><td>Period of the Coupon Payment with specified dates</td><td>Coupon payable annually with the payment dates set out below.</td></tr>
<tr><td>Day Count Convention</td><td>Actual / Actual</td></tr>
</table>

Illustration of Bond Cash Flows for Series I Debentures

Scenario 1: In case Call Option is exercised on the Call Option Date:

Cash Flows	Coupon Accrual Date	Coupon Payment Date	No. of days in Coupon Period	Coupon Amount (in Rupees)	Redemption Date	Principal Amount (in Rupees)
1st Coupon	August 3, 2023	August 3, 2023	365.00	9,30,000		
2nd Coupon	August 3, 2024	August 3, 2024	366.00	9,30,000		
3rd Coupon*	August 3, 2025	August 4, 2025	365.00	9,30,000		
4th Coupon	August 3, 2026	August 3, 2026	365.00	9,30,000		
5th Coupon	August 3, 2027	August 3, 2027	365.00	9,30,000	August 3, 2027	450,00,00,000.00
Principal	August 3, 2027					450,00,00,000.00
TOTAL						**450,00,00,000.00**
*After adjusting for Non-Business Days						

Scenario 2: In case Call Option is not exercised and the Series I Debentures are redeemed on the Maturity Date:

Cash Flows	Coupon Accrual Date	Coupon Payment Date	No. of days in Coupon Period	Coupon Amount (in Rupees)	Redemption Date	Principal Amount (in Rupees)
1st Coupon	August 3, 2023	August 3, 2023	365.00	9,30,000		
2nd Coupon	August 3, 2024	August 3, 2024	366.00	9,30,000		
3rd Coupon*	August 3, 2025	August 4, 2025	365.00	9,30,000		
4th Coupon	August 3, 2026	August 3, 2026	365.00	9,30,000		
5th Coupon	August 3, 2027	August 3, 2027	365.00	9,30,000		
6th Coupon	August 3, 2028	August 3, 2028	366.00	9,30,000		
7th Coupon	August 3, 2029	August 3, 2029	365.00	9,30,000		
8th Coupon	August 3, 2030	August 3, 2030	365.00	9,30,000		
9th Coupon*	August 3, 2031	August 4, 2031	365.00	9,30,000		
10th Coupon	August 3, 2032	August 3, 2032	366.00	9,30,000	August 3, 2032	450,00,00,000.00
Principal	August 3, 2032					450,00,00,000.00
TOTAL						**450,00,00,000.00**
*After adjusting for Non-Business Days						

Illustration of Bond Cash Flows for Series II Debentures

Scenario 1: In case Call Option is exercised on the Call Option Date:

Cash Flows	Coupon Accrual Date	Coupon Payment Date	No. of days in Coupon Period	Coupon Amount (in Rupees)	Redemption Date	Principal Amount (in Rupees)
1st Coupon	August 3, 2023	August 3, 2023	365.00	9,30,000		
2nd Coupon	August 3, 2024	August 3, 2024	366.00	9,30,000		
3rd Coupon*	August 3, 2025	August 4, 2025	365.00	9,30,000		
4th Coupon	August 3, 2026	August 3, 2026	365.00	9,30,000		
5th Coupon	August 3, 2027	August 3, 2027	365.00	9,30,000	August 3, 2027	100,00,00,000.00
Principal	August 3, 2027					100,00,00,000.00
TOTAL						**100,00,00,000.00**
*After adjusting for Non-Business Days						

Scenario 2: In case Call Option is not exercised and the Series II Debentures are redeemed on the Maturity Date:

Cash Flows	Coupon Accrual Date	Coupon Payment Date	No. of days in Coupon Period	Coupon Amount (in Rupees)	Redemption Date	Principal Amount (in Rupees)
1st Coupon	August 3, 2023	August 3, 2023	365.00	9,30,000.00		
2nd Coupon	August 3, 2024	August 3, 2024	366.00	9,30,000.00		
3rd Coupon*	August 3, 2025	August 4, 2025	365.00	9,30,000.00		
4th Coupon	August 3, 2026	August 3, 2026	365.00	9,30,000.00		
5th Coupon	August 3, 2027	August 3, 2027	365.00	9,30,000.00		
6th Coupon	August 3, 2028	August 3, 2028	366.00	9,30,000.00		
7th Coupon	August 3, 2029	August 3, 2029	365.00	9,30,000.00		
8th Coupon	August 3, 2030	August 3, 2030	365.00	9,30,000.00		
9th Coupon*	August 3, 2031	August 4, 2031	365.00	9,30,000.00		
10th Coupon	August 3, 2032	August 3, 2032	366.00	9,30,000.00		
11th Coupon	August 13, 2032	August 13, 2032	10.00	25,479.45	August 13, 2032	100,00,00,000.00
Principal	August 13, 2032					100,00,00,000.00
TOTAL						**100,00,00,000.00**
*After adjusting for Non-Business Days						

Illustration of Bond Cash Flows for Series III Debentures

Scenario 1: In case Call Option is exercised on the Call Option Date:

Cash Flows	Coupon Accrual Date	Coupon Payment Date	No. of days in Coupon Period	Coupon Amount (in Rupees)	Redemption Date	Principal Amount (in Rupees)
1st Coupon	August 3, 2023	August 3, 2023	365.00	9,30,000		
2nd Coupon	August 3, 2024	August 3, 2024	366.00	9,30,000		
3rd Coupon*	August 3, 2025	August 4, 2025	365.00	9,30,000		
4th Coupon	August 3, 2026	August 3, 2026	365.00	9,30,000		
5th Coupon	August 3, 2027	August 3, 2027	365.00	9,30,000	August 3, 2027	50,00,00,000.00
Principal	August 3, 2027					50,00,00,000.00
TOTAL						**50,00,00,000.00**
*After adjusting for Non-Business Days						

Scenario 2: In case Call Option is not exercised and the Series III Debentures are redeemed on the Maturity Date:

Cash Flows	Coupon Accrual Date	Coupon Payment Date	No. of days in Coupon Period	Coupon Amount (in Rupees)	Redemption Date	Principal Amount (in Rupees)
1st Coupon	August 3, 2023	August 3, 2023	365.00	9,30,000.00		
2nd Coupon	August 3, 2024	August 3, 2024	366.00	9,30,000.00		
3rd Coupon*	August 3, 2025	August 4, 2025	365.00	9,30,000.00		
4th Coupon	August 3, 2026	August 3, 2026	365.00	9,30,000.00		
5th Coupon	August 3, 2027	August 3, 2027	365.00	9,30,000.00		
6th Coupon	August 3, 2028	August 3, 2028	366.00	9,30,000.00		
7th Coupon	August 3, 2029	August 3, 2029	365.00	9,30,000.00		
8th Coupon	August 3, 2030	August 3, 2030	365.00	9,30,000.00		
9th Coupon*	August 3, 2031	August 4, 2031	365.00	9,30,000.00		
10th Coupon	August 3, 2032	August 3, 2032	366.00	9,30,000.00		
11th Coupon	August 23, 2032	August 23, 2032	20.00	50,958.90	August 23, 2032	50,00,00,000.00
Principal	August 23, 2032					50,00,00,000.00
TOTAL						**50,00,00,000.00**
*After adjusting for Non-Business Days						

CTL/22-23/2478

(Annexure A)

DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE AT THE TIME OF FILING THE DRAFT OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM
(Applicable for Secured and Unsecured Issuances)

To,

The Manager,
BSE Limited,
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai – 400 001

Dear Sir / Madam,

SUB.: Issue of Unsecured, Rated, Listed Redeemable, Subordinated, Non-Convertible Lower Tier II Bonds in the form of Non-Convertible Debentures in **3 (Three) Series:**
(a) one of up to 350 (Three Hundred and Fifty) Unsecured, Rated, Listed Redeemable, Subordinated, Non-Convertible Lower Tier II Bonds in the form of Series I Non-Convertible Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each aggregating up to Rs. 350,00,00,000/- (Rupees Three Hundred and Fifty Crores only) with a green shoe option / option to retain additional subscription of Rs. 150,00,00,000/- (Rupees One Hundred and Fifty Crores only) (hereinafter referred to as the "**Series I Debentures**"); (b) one of up to 100 (One Hundred) Unsecured, Rated, Listed Redeemable, Subordinated, Non-Convertible Lower Tier II Bonds in the form of Series II Non-Convertible Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crore only) (hereinafter referred to as the "**Series II Debentures**"); and (c) another of up to 50 (Fifty) Unsecured, Rated, Listed Redeemable, Subordinated, Non-Convertible Lower Tier II Bonds in the form of Series III Non-Convertible Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each aggregating up to Rs. 50,00,00,000/- (Rupees Fifty Crores only) (hereinafter referred to as the "**Series III Debentures**") (Series I Debentures, Series II Debentures and Series III Debentures shall be collectively referred to as "**Debentures**") on private placement basis by **AU Small Finance Bank Limited.**

We, the debenture trustee(s) to the above-mentioned forthcoming issue state as follows:

1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.
2) On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications:

We confirm that:

a) The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued. : **Not Applicable**

b) The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies). : **Not Applicable**

c) The Issuer has made all the relevant disclosures about the security and its continued obligations towards the holders of debt securities. : **Not Applicable**

d) Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document or private placement memorandum/ information memorandum and all disclosures made in the offer document or private placement memorandum/ information memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement**. : Not Applicable**

e) Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application.: **Not Applicable**

f) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document or private placement memorandum/ information memorandum and given an undertaking that debenture trust deed would be executed before filing of listing application.

g) All disclosures made in the draft offer document or private placement memorandum/ information memorandum with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.

We have satisfied ourselves about the ability of the Issuer to service the debt securities.

Place: Mumbai
Date: July 27, 2022

CATALYST TRUSTEESHIP LIMITED

For Catalyst Trusteeship Limited

For CATALYST TRUSTEESHIP LIMITED
Authorised Signatory

Authorised Signatory

DEBENTURE TRUSTEE AGREEMENT

This **DEBENTURE TRUSTEE AGREEMENT** (hereinafter referred to as the "**Agreement**") is made at Jaipur, India on this the 27th day of July, Two Thousand and Twenty Two, by and between:

AU SMALL FINANCE BANK LIMITED, a banking company incorporated under the Companies Act, 1956 and governed by the Banking Regulation Act ,1949, having CIN L36911RJ1996PLC011381 and having its registered office and acting for the purposes of these presents at 19A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001, Rajasthan, India (hereinafter referred to as the "**Company**", which expression shall, unless it be repugnant to the subject or context thereof, be deemed to mean and include its successors and permitted assigns) of the **ONE PART**;

AND

CATALYST TRUSTEESHIP LIMITED, a company incorporated under the Companies Act, 1956 (1 of 1956) having CIN U74999PN1997PLC110262 and having its registered office at GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Pune-411038 (hereinafter referred to as the "**Debenture Trustee**", which expression shall, unless it be repugnant to the subject or context thereof, be deemed to mean and include its successors in office and permitted assigns) of the **OTHER PART**.

The Company and the Debenture Trustee shall be individually referred to as a "**Party**" and collectively as "**Parties**".

WHEREAS

A. With a view to raising debt for the Purpose, the Company intends to issue Unsecured, Rated, Listed Redeemable, Subordinated, Non-Convertible Lower Tier II Bonds in the form of Non-Convertible Debentures in 3 (Three) Series: (a) one of up to 350 (Three Hundred and Fifty) Unsecured, Rated, Listed Redeemable, Subordinated, Non-Convertible Lower Tier II Bonds in the form of Series I Non-Convertible Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each aggregating up to Rs. 350,00,00,000/- (Rupees Three Hundred and Fifty Crores only) with a green shoe option / option to retain additional subscription of Rs. 150,00,00,000/- (Rupees One Hundred and Fifty Crores only) (hereinafter referred to as the "**Series I Debentures**"); (b) one of up to 100 (One Hundred) Unsecured, Rated, Listed Redeemable, Subordinated, Non-Convertible Lower Tier II Bonds in the form of Series II Non-Convertible Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each aggregating up to Rs. 100,00,00,000/- (Rupees One Hundred Crore only) (hereinafter referred to as the "**Series II Debentures**"); and (c) another of up to 50 (Fifty) Unsecured, Rated, Listed Redeemable, Subordinated, Non-Convertible Lower Tier II Bonds in the form of Series III Non-Convertible Debentures of the face value of Rs. 1,00,00,000/- (Rupees One Crore only) each aggregating up to Rs. 50,00,00,000/- (Rupees Fifty Crores only) (hereinafter referred to as the "**Series III Debentures**") (Series I Debentures, Series II Debentures and Series III Debentures shall be collectively referred to as "**Debentures**"), to certain identified investors (hereinafter referred to as the "**Issue**") in accordance with

the provisions of the Companies Act, 2013 and the regulations applicable to the issuance of debentures notified by Securities Exchange Board of India ("**SEBI**") and the Reserve Bank of India ("**RBI**"), from time to time;

B. The Company shall have the Debentures listed on the wholesale debt market segment of the BSE Limited ("**BSE**") in accordance with the SEBI Debt Listing Regulations within 4 (Four) working days from the date of closing of the Issue;

C. The Debentures are being issued to augment the Tier II Capital of the Company for strengthening its capital adequacy and for enhancing its long-term resources and the proceeds of the issuance of the Debentures shall be used by the Company for regular business activities of the Company;

D. Pursuant to the provisions of the Companies Act, 2013 ("**Act**"), the Company is required to appoint a debenture trustee for the benefit of the holders of the Debentures from time to time (hereinafter referred to as the "**Debenture Holders**");

E. The Debenture Trustee is registered with the Securities Exchange Board of India ("**SEBI**") as a debenture trustee under the SEBI (Debenture Trustee) Regulations, 1993 (as amended from time to time);

F. The Company has approached the Debenture Trustee to act as the debenture trustee for the Debenture Holder(s) and the Debenture Trustee has *vide* its letter dated July 25, 2022 (bearing reference number CL/MUM/22-23/DEB/449) (hereinafter referred to as the "**Debenture Trustee Consent Letter**"), a copy of which is annexed hereto as **Schedule I**, agreed to act as the debenture trustee for the benefit of the Debenture Holder(s); and

G. At the request of the Company, the Debenture Trustee has agreed to act as the debenture trustee under this Agreement for the benefit of the Debenture Holder(s) on the terms and conditions agreed upon and hereinafter set out.

NOW IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

Capitalised terms used herein and not defined shall have the meaning respectively assigned to such words and expressions in the Debenture Trust Deed (as hereinafter defined).

1. The Company hereby appoints the Debenture Trustee as the debenture trustee for the Debenture Holder(s) and the Debenture Trustee hereby agrees to act as debenture trustee for the benefit of the Debenture Holder(s) and for purposes related thereto in accordance with the provisions of the Transaction Documents, in trust for, on behalf of and for the benefit of the Debenture Holder(s). The Debenture Trustee and the Company shall on or around the date hereof also enter into a debenture trust deed in form SH-12 or as near thereto as possible (hereinafter referred to as the "**Debenture Trust Deed**") and such other documents as may be required from time to time in relation to the Debentures.

2. The Company shall pay to the Debenture Trustee so long as it holds the office of the Debenture Trustee, remuneration and all reasonable costs, charges and expenses as

set out in the Debenture Trustee Consent Letter, for its services as Debenture Trustee (hereinafter referred to as the "**Debenture Trustee Fees**").

3. The Company undertakes to comply with the provisions of the Companies Act, 2013 (as may be amended from time to time), the SEBI Debt Listing Regulations, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time, and other Applicable Law and agrees to furnish to the Debenture Trustee such information as may be required in terms of the Act and the Debenture Trust Deed on a regular basis, until the redemption of the Debentures.

4. This Agreement shall be effective on and from the date first hereinabove written and shall be in force till all the monies in respect of the Debentures have been fully paid-off or until the appointment of the Debenture Trustee is terminated in accordance with the Debenture Trust Deed whichever is earlier.

5. The Company shall *inter-alia* furnish / shall have furnished to the Debenture Trustee the following documents:

   (a) Placement Memorandum including the Private Placement Offer cum Application Letter / disclosure document in relation to the issue of Debentures;
   (b) Memorandum of Association and Articles of Association of the Company;
   (c) The necessary corporate authorisations by way of board resolution and/or shareholder resolutions necessary for the Issue;
   (d) Letters from the Rating Agency(ies) regarding the ratings afforded to the Debentures;
   (e) This Agreement;
   (f) Proof of credit / dispatch of debenture certificates;
   (g) Details of the depository with whom the Debentures are held in dematerialised form;
   (h) Copy of last three years' annual reports;
   (i) Debenture Trust Deed;
   (j) Resolution for allotment of the Debentures;
   (k) Beneficiary position reports;
   (l) Confirmation/Proofs of payment of Coupon and principal made to the Debenture Holders on the relevant Due Dates;
   (m) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
   (n) Periodical reports on quarterly basis;
   (o) In-principle approval for listing of the Debentures from the BSE;
   (p) Listing and trading permission from BSE;
   (q) Agreement with the registrar to the Issue;
   (r) A copy of all information required to be provided by the Company under Applicable Law to any Governmental Authority and/or under the Listing Agreement to the BSE;
   (s) Certificate from the statutory auditor regarding utilisation of funds / issue proceeds;
   (t) Information to enable the Debenture Trustee to carry out the necessary due diligence and to ensure the implementation of the conditions regarding creation of debenture redemption reserve, if any;

(u) Details of the recovery expense fund to be created by the Company in the manner as may be specified by the SEBI from time to time along with duly acknowledged letter / confirmation from stock exchange on the amount of such fund maintained and the mode of maintenance;

(v) Bank account details of the Company along with copy of pre-authorisation letter issued by Company to its banker in relation to the payment of redemption amount of the Debentures; and

(w) Such other documents as may be reasonably required by the Debenture Trustee.

6. The Company hereby declares and confirms that the Company or the person(s) in control of the Company, or its promoter(s) have not been restrained or prohibited or debarred by the SEBI from accessing the securities market or dealing in securities.

7. **AUTHORIZATION AND CONSENTS**

All actions (including corporate actions), conditions and things required to be taken, fulfilled and done (including the obtaining of any consents (if applicable) by the Company in order (a) to enable it to lawfully enter into, exercise its rights and perform and comply with its obligations under this Agreement, (b) to ensure that those obligations are legally binding and enforceable, and (c) to make this Agreement admissible in evidence in the courts of India have been taken, fulfilled and done in strict compliance with all Applicable Laws.

8. The Company hereby declares / confirms that:

(a) The information and data furnished and/or to be furnished by the Company to the Debenture Trustee is true and correct and was/is not misleading whether by reason of omission to state a material fact or otherwise;

(b) The Company shall on or prior to the date of execution of Debenture Trust Deed, provide to the Debenture Trustee, the bank account details from which the Company proposes to make the payment of redemption amount in relation to the Debentures due to the Debenture Holder(s). Further, the Company hereby undertakes that it shall preauthorize the Debenture Trustee to seek the redemption amount payment related information from such bank.

9. **BENEFIT OF AGREEMENT**

This Agreement shall enure to the benefit of and be binding on the Parties and their respective successors and permitted assigns of each Party.

10. **EXPENSES**

The Company shall, pay on demand to the Debenture Trustee, all actual costs and expenses (including legal fees on a full indemnity basis) incurred by the Debenture Trustee in connection with the preparation, negotiation of or entry into this Agreement and/or any amendment of, supplement to or waiver in respect of this Agreement, against submission of the requisite supporting documents. Apart from the Debenture Trustee

Fees, the Company shall, from time to time, make payment to/ reimburse the Debenture Trustee in respect of all reasonable expenses and out-of-pocket costs incurred by the Debenture Trustee, in its capacity as the trustee of the Debenture Holders.

11. STAMP DUTY

The Company shall promptly pay any stamp, documentary, registration or similar tax payable in connection with the entry into, registration, performance, enforcement or admissibility in evidence of this Agreement and/or any such amendment, supplement or waiver thereto.

12. CONFIDENTIALITY

12.1 The information received by any of the Parties to this Agreement relating to the other Party and the existence of this Agreement itself (hereinafter referred to as "**Confidential Information**") shall be kept in the strictest confidence and shall not be divulged or disclosed to any person, other than such of the directors, officers, employees, advisors and accountants of the recipient Party on a need to know basis in accordance with the intent and purpose of this Agreement, provided always that each such person to whom Confidential Information is disclosed shall have been made aware of its confidential nature and of the terms of this Agreement prior to such disclosure by the disclosing Party expressly marking or stating as confidential such Confidential Information and each such person to whom the Confidential Information is disclosed shall also keep the same in the strictest confidence and shall not divulge or disclose the same to any other person.

12.2 The restriction set forth in Clause 12.1 (*Confidentiality*) above shall not apply to any part of the Confidential Information, which:

(a) is at the time of disclosure to the recipient Party, or thereafter, becomes part of the public domain, other than as a result of the acts or omissions of the recipient Party, its directors, officers or employees; or

(b) is required to be disclosed by judicial, administrative or stock exchange process, any enquiry, investigation, action, suit, proceeding or claim or otherwise by Applicable Law or by any other regulatory authority; or

(c) is required to be disclosed by the Company or the Debenture Trustee to the Debenture Holders or to a rating agency or any other third party pursuant to the terms of the Debenture Trust Deed or other documents executed pursuant thereto.

13. GOVERNING LAW AND JURISDICTION

13.1 This Agreement is governed by and shall be construed in accordance with the laws of India.

13.2 The Parties agree that the High Court of Mumbai, Maharashtra shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the

Transaction Documents and that accordingly, any suit, action or proceedings arising out of or in connection with the Transaction Documents may be brought in such courts.

13.3 This Clause 13 (*Governing Law and Jurisdiction*) shall survive the termination of this Agreement.

14. WAIVER

No failure by any Party to exercise, nor any delay by any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy, prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by and available under Applicable Law or the Debenture Trust Deed or the other documents executed pursuant thereto. No notice to or demand on any Party in any case shall entitle that Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the other Party to any other or further action in any circumstances without notice or demand.

15. NOTICES

15.1 Any notice, demand, request or other communication to be made or given under this Agreement shall be in writing unless otherwise stated. Such notice, demand, request or other communication shall be delivered by any of the following means: (a) delivered personally, or (b) sent by facsimile transmission, or (c) sent by registered mail with acknowledgment due, postage prepaid, or (d) sent by e-mail.

15.2 The details of the Parties for the purposes of serving any notices in relation to or pursuant to this Agreement shall be as set out below:

(a) **Company**
AU SMALL FINANCE BANK LIMITED

Address	:	Bank House, Mile 0, Ajmer Road, Jaipur – 302001, Rajasthan, India
Attention	:	Mr. Manmohan Parnami
Phone	:	0141- 6660666
Fax	:	+91-141-4110090
E-mail	:	manmohan.parnami@aubank.in/ secretarial@aubank.in

(b) **Debenture Trustee**
CATALYST TRUSTEESHIP LIMITED

Address	:	Windsor, 6th floor, office No.604, C.S.T. Road, Kalina, Santacruz (East) Mumbai 400098
Attention	:	Mr. Umesh Salvi
Phone	:	022-49220555

Fax : 022-49220505
E-mail : ComplianceCTL-Mumbai@ctltrustee.com

15.3 Any notice, demand, request or other communication made or delivered by one Party to another under or in connection with this Agreement will only be effective:

(a) if by way of personal delivery, when delivered; or

(b) if by way of facsimile, when the sender receives a receipt indicating proper transmission; or

(c) if by way of registered mail, 3 (Three) Business Days after it has been deposited in the post (with acknowledgment due), postage prepaid in an envelope duly addressed to the addressee; or

(d) if by way of e-mail, when received in legible form and subject to such e-mail being followed up with a written letter / facsimile.

15.4 **English language**

(a) Any notice given hereunder or in connection with any Transaction Document must be in English.

(b) All other documents provided under or in connection with any Transaction Document must be in English or if not in English accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

15.5 Any communication or notice sent by any of the Parties hereto to the other Party shall always be marked/ copied to the Debenture Holders.

15.6 Any Party to this Agreement may modify or alter the details for notices to be served on such Party, as provided under Clause 15 (*Notices*) hereinabove, by giving a prior written notice of 5 (Five) Business Days, addressed to all other Parties.

15.7 This Clause 15 (*Notices*) shall survive the termination of this Agreement.

16. **COUNTERPARTS**

This Agreement may be signed in any number of counterparts, all of which taken together and when delivered to the Debenture Trustee shall constitute one and the same instrument. Any Party may enter into this Agreement by signing any such counterpart.

17. **SEVERABILITY**

Every provision contained in this Agreement shall be severable and distinct from every other such provision and if at any time any one or more of such provisions is or becomes invalid, illegal, or unenforceable in any respect under any Applicable Law, the validity,

legality and enforceability of the remaining provisions hereof shall not be in any way affected or impaired thereby.

18. **FURTHER ASSURANCES**

The Parties hereby agree to execute and do such further documents, assurances, deeds, acts or things as may be necessary to give full effect to the provisions herein contained.

IN WITNESS WHEREOF the Parties hereto have caused these presents to be executed the day and year first hereinabove written in the manner hereinafter appearing.

SIGNED AND DELIVERED by the within named)
AU SMALL FINANCE BANK LIMITED)
Being the Company above named)
by the hand of _____)
an authorized representative of the Company)

SIGNED AND DELIVERED by the within named)
CATALYST TRUSTEESHIP LIMITED)
in its capacity as Debenture Trustee)
by the hand of _____)
an authorized representative of the Debenture Trustee)

SCHEDULE I

DEBENTURE TRUSTEE CONSENT LETTER

CATALYST
Believe in yourself... Trust us!

CL/MUM/22-23/DEB/449

July 25th, 2022

To,
AU Small Finance Bank Limited
CP3-235, Industrial Area, Apparel Park,
RIICO Area, Sitapura Jaipur 302022 RJ IN

Dear Sir/Madam,

Consent to act as Trustee for Unsecured, Unlisted, Subordinated, Redeemable Non-Convertible Lower Tier II Bonds in the form of Non-Convertible Debentures aggregating upto INR 700 Crores to be issued by your Company.

This is with reference to the discussions in respect of appointment of Catalyst Trusteeship Limited (CTL) [Formerly GDA Trusteeship Limited] to act as Debenture Trustee for the Unsecured, Unlisted Subordinated, Redeemable Non-Convertible Lower Tier II Bonds in the form of Non-Convertible Debentures aggregating upto Rs. 700 Crores. In this connection, we are agreeable to act as Trustee on the following trusteeship remuneration:

Acceptance fees	:	Rs. 3,50,000 /- (one-time non-refundable payment payable on our appointment);
Service Charges	:	Rs. 5,25,000/- p.a. payable annually on 1st April every year.

All out of pocket expenses incurred towards legal fees, travelling, inspection charges, etc shall be levied and re-imbursed on actual basis.

Yours faithfully,

For **Catalyst Trusteeship Limited**

Authorized Signatory

We Accept the above terms
For **AU Small Finance Bank Limited**

Authorized Signatory

NOTE: As per GST guidelines, CTL would be required to pay the applicable Service Tax on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made.

CATALYST TRUSTEESHIP LIMITED
Mumbai Office Windsor, 6th Floor, 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai 400 098 **Tel** +91 (22) 4922 0555 **Fax** +91 (22) 4922 0505
Regd. Office GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune 411 038 **Tel** +91 (20) 66807200
Delhi Office Office No. 810, 8th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi - 110001 **Tel** +91 (11) 430 2910/02
CIN No. U74999PN1997PLC110262 **Email** ctl@ctltrustee.com **Website** www.catalysttrustee.com
Pune | Mumbai | Bengaluru | Delhi | Chennai | GIFT City | Kolkata

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CATALYST
Believe in yourself... Trust us!

CL/MUM/22-23/DEB/449

July 25th, 2022

To,
AU Small Finance Bank Limited
CP3-235, Industrial Area, Apparel Park,
RIICO Area, Sitapura Jaipur 302022 RJ IN

Dear Sir/Madam,

Consent to act as Trustee for Unsecured, Unlisted, Subordinated, Redeemable Non-Convertible Lower Tier II Bonds in the form of Non-Convertible Debentures aggregating upto INR 700 Crores to be issued by your Company.

This is with reference to the discussions in respect of appointment of Catalyst Trusteeship Limited to act as Debenture Trustee for the Unsecured, Unlisted, Subordinated, Redeemable Non-Convertible Lower Tier II Bonds in the form of Non- Convertible Debentures aggregating upto Rs. 700 Crores to be issued by your Company. In this connection, we are agreeable to act as Trustee on the terms and conditions as mutually agreed between the Trustee and the Company.

The Company and the Trustee shall enter into relevant trustee agreements and other necessary documents for the aforesaid issue of NCDs and term loans and also agrees & undertakes to comply with the provisions of the SEBI (Debenture Trustees) Regulations, 1993, the Companies Act, 2013 and any other applicable statutes, regulations and provisions as amended from time to time.

We are also agreeable for inclusion of our name as trustees in the Company's offer document/disclosure document/ listing application/any other document to be filed with the Stock Exchange(s) or any other authority as required.

Yours faithfully,

For **Catalyst Trusteeship Limited**

Authorized Signatory

We Accept the above terms
For **AU Small Finance Bank Limited**

Authorized Signatory

ANNEXURE IX: IN-PRINCIPLE APPROVAL RECEIVED FROM BSE

Attached separately.

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

INDEPENDENT AUDITOR'S REPORT

To the Members of AU Small Finance Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of AU Small Finance Bank Limited ("the Bank"), which comprise the Balance sheet as at March 31, 2020, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 and the Companies Act, 2013, as amended ("the Act") in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2020, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Bank in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 2 of the Schedule 17 to the financial statements, which describes the extent to which the COVID-19 pandemic will impact the Bank's operations and its financial metrics which are dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
Identification of Non-Performing Advances and provisioning for Advances (Refer Schedule 17.4 to the financial statements)	
Advances constitute a major portion of the Bank's assets and the quality of the Bank's loan portfolio is measured in terms of the proportion of non-performing assets (NPAs) to the total loans and advances. As at March 31, 2020, the Bank has reported total gross advances of Rs. 27,233 crores (March 31, 2019: Rs. 22,994 crores), gross	Our audit procedures included, among others the following: • Considered the Bank's accounting policies for NPA identification and provisioning and assessing compliance with the prudential norms prescribed by the RBI read with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020.

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Key audit matters	How our audit addressed the key audit matter
non-performing advances of Rs. 458 crores (March 31, 2019: Rs. 470 crores) and a corresponding provision for non-performing advances of Rs. 240 crores (March 31, 2019: Rs. 176 crores). Identification and provisioning of advances is governed by the prudential norms and guidelines relating to COVID-19 Regulatory Package issued by the Reserve Bank of India (RBI). These norms prescribe rule based and qualitative criteria for advances to be classified as NPA including overdue aging, moratorium on advances extension of asset classification benefit for specific Advances. Given the volume and variety of loans, judgement is involved in the application of RBI norms for classification of loans as NPA and in view of the significance of this area to the overall audit of financial statements, it has been considered as a key audit matter.	• Tested the operating effectiveness of the controls (including application and IT dependent controls) for borrower wise classification of loans in the respective asset classes viz., standard, sub-standard, doubtful and loss with reference to IRAC norms. • Performed test of details to test whether the provisioning rates applied for respective asset classes were in accordance with the Bank's accounting policies and assessed the reasonableness of the rates used by the management wherever such rates were higher than the minimum rates prescribed by RBI. • Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which need to be considered as NPA. Examined the early warning reports generated by the Bank's credit team on a monthly basis to identify loan accounts with credit stress. • Considered the special mention accounts (SMA) reports submitted by the Bank to the RBI's central repository of information on large credits (CRILC) to assess whether any accounts from such reporting need to be considered as non-performing. • Performed analytical procedures on various financial and non-financial parameters to test the completeness of accounts identified as NPA. • We made inquiries with management regarding any effects considered on the NPA identification and / or provisioning, resulting from observations raised by the RBI during their annual inspection of the Bank's operations. • Tested the arithmetical accuracy of computation of provision for Advances.
IT systems and controls	
The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. These systems also play a key role in the financial accounting and reporting process of the Bank. Due to the pervasive nature and complexity of the IT environment we have ascertained IT systems and controls as a key audit matter. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively.	• For testing the IT general controls, application controls and IT dependent manual controls, we included specialized IT auditors as part of our audit team. The specialized team also assisted in testing the accuracy of the information produced by the Bank's IT systems. • Tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. • Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were reviewed and authorized. • We considered the control environment relating to various interfaces, configuration and other application controls identified as key to our audit. • In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting. • Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

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Information Other than the Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank provision of section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014.

2. As required sub section (3) of section 30 of the Banking Regulation Act, 1949 and the appointment letter dated June 03, 2019, we report that:

   a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

   b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

   c. The financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches. We performed procedures necessary for the purpose of our walkthrough of processes and test of controls at branches by inspection of documents obtained from branches.

3. As required by Section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;

   c. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the aforesaid financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by RBI;

   e. On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Bank with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;

g. In our opinion, the entity being a banking company, the remuneration to the whole-time director during the year ended March 31, 2020 has been paid by the Bank in accordance with the provisions of Section 35B (1) of the Banking Regulation Act, 1949; and

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note Schedule 12, Schedule 17.I and Schedule 18A - Note 32 to the financial statements;

   ii. The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
Firm's Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 20121411AAAABP3586

S.R. BATLIBOI & ASSOCIATES LLP

Place of Signature: Mumbai
Date: May 2, 2020

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF AU SMALL FINANCE BANK LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

To the Members of AU Small Finance Bank Limited

We have audited the internal financial controls over financial reporting of AU Small Finance Bank Limited (the "Bank") as of March 31, 2020 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

S.R. BATLIBOI & ASSOCIATES LLP

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
Firm's Registration No.: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership No.: 121411

Place: Mumbai
Date: May 2, 2020

S.R. BATLIBOI & ASSOCIATES LLP

AU SMALL FINANCE BANK LIMITED

Balance Sheet as at March 31, 2020

(₹ in '000)

Particulars	Schedule	As at March 31, 2020	As at March 31, 2019
CAPITAL & LIABILITIES			
Capital	1	30,41,233	29,23,575
Money received against Share Warrants		-	17,50,000
Employees stock options outstanding		5,21,240	4,29,435
Reserves & Surplus	2	4,02,05,638	2,65,25,899
Deposits	3	26,16,39,285	19,42,24,356
Borrowings	4	10,33,53,236	8,61,33,587
Other Liabilities and Provisions	5	1,26,70,078	1,42,41,113
Total		**42,14,30,710**	**32,62,27,965**
ASSETS			
Cash and Balances with Reserve Bank of India	6	1,04,96,369	81,11,424
Balances with banks and Money at Call and Short Notice	7	2,32,00,417	92,90,510
Investments	8	10,66,82,153	7,16,16,711
Advances	9	26,99,24,154	22,81,87,308
Fixed Assets	10	44,79,983	44,70,300
Other Assets	11	66,47,634	45,51,712
Total		**42,14,30,710**	**32,62,27,965**
Contingent Liabilities	12	1,36,00,492	50,21,437
Bills for Collection		-	-
Significant accounting policies and notes to accounts forming part of financial statements	17 & 18		

The Schedules referred to above form an integral part of the Balance Sheet.
As per our attached Report of even date.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No. 121411
Place : Mumbai

S.R. BATLIBOI & ASSOCIATES LLP

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Raj Vikas Verma
(Non-Executive Independent Part Time Chairman)
Place : New Delhi

Sanjay Agarwal
(Managing Director and CEO)
Place : Jaipur

Uttam Tibrewal
(Whole Time Director)
Place : Mumbai

Vimal Jain
(Chief Financial Officer)
Place : Jaipur

Manmohan Parnami
(Company Secretary)
Place : Jaipur

AU SMALL FINANCE BANK LIMITED JAIPUR

Date : May 02, 2020

AU SMALL FINANCE BANK LIMITED

Profit and Loss Account for the Year Ended March 31, 2020

(₹ in '000)

Particulars	Schedule	Year Ended March 31, 2020	Year Ended Mar 31, 2019
I. INCOME			
Interest earned	13	4,28,58,843	2,94,91,288
Other income	14	70,60,920	46,19,110
Total Income		**4,99,19,763**	**3,41,10,398**
II. EXPENDITURE			
Interest expended	15	2,37,69,440	1,60,65,264
Operating expenses	16	1,41,78,585	1,08,26,075
Provisions & contingencies (refer note 9- schedule 18A)		52,23,893	34,00,991
Total Expenditure		**4,31,71,918**	**3,02,92,330**
III PROFIT/LOSS			
Net profit/ (loss) for the year		67,47,845	38,18,068
Add: Balance in Profit/Loss Account brought forward from previous year		1,57,20,275	1,36,58,366
Total		**2,24,68,120**	**1,74,76,434**
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		16,86,961	9,54,517
Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 (refer schedule 2.III)		6,70,000	3,78,000
Transfer to Capital Reserve		69,252	27,616
Transfer to Investment Fluctuation Reserve		9,04,349	2,21,200
Dividend paid (includes tax on dividend)		2,64,377	1,74,826
Balance carried over to Balance Sheet		1,88,73,181	1,57,20,275
Total		**2,24,68,120**	**1,74,76,434**
V. EARNING PER SHARE (refer note 5- schedule 18B)			
Basic (₹)		22.78	13.16
Diluted (₹)		22.32	12.90
Nominal value per share (₹)		10.00	10.00
Significant accounting policies and notes to accounts forming part of financial statements	17 & 18		

The Schedules referred to above form an integral part of the Profit and Loss Account.
As per our attached Report of even date.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No. 121411
Place : Mumbai

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Raj Vikas Verma
(Non-Executive Independent Part Time Chairman)
Place : New Delhi

Sanjay Agarwal
(Managing Director and CEO)
Place : Jaipur

Uttam Tibrewal
(Whole Time Director)
Place : Mumbai

Vimal Jain
(Chief Financial Officer)
Place : Jaipur

Manmohan Parnami
(Company Secretary)
Place : Jaipur

Date : May 02, 2020

AU SMALL FINANCE BANK LIMITED

Cash Flow Statement for the Year Ended on March 31, 2020

(₹ in '000)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Cash Flow From Operating Activities		
Profit after tax	**67,47,845**	**38,18,068**
Add: Provision for tax	23,91,907	19,83,232
Net Profit Before Taxes	**91,39,752**	**58,01,300**
Adjustments for :-		
Employee Stock Options Expense	2,37,378	3,86,039
Depreciation on Bank's Property	8,86,177	6,17,546
Amortization of Premium on HTM Investments	2,35,808	1,28,310
Provision for Employee Expenses	1,89,123	(36,861)
Provision for Non Performing Assets, Standard Assets and Other Provisions	23,13,919	11,29,943
Loss on sale of Fixed Assets	11,114	14,428
Operating profit before working capital changes	**1,30,13,271**	**80,40,705**
Movement in working capital		
Decrease / (Increase) in Investments (other than HTM Investments)	(2,35,33,319)	(1,94,30,372)
Decrease / (Increase) in Advances	(4,23,85,306)	(9,58,18,346)
Decrease / (Increase) in Other Assets	(17,98,640)	(13,77,683)
(Decrease) / Increase in Deposits	6,74,14,929	11,49,91,163
(Decrease) / Increase in Other Liabilities and Provisions	(34,26,003)	40,02,143
Cash Flow from Operating Activities	**92,84,932**	**1,04,07,610**
Direct Taxes Paid (Net of refunds)	(26,89,189)	(19,29,840)
Net Cash Flow from Operating Activities (A)	**65,95,743**	**84,77,770**
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(9,21,990)	(12,57,168)
Proceeds from Sale of Fixed Assets	15,018	15,761
Investments in HTM securities (Net)	(1,17,67,548)	(2,18,04,530)
Net cash flow used in Investing Activities (B)	**(1,26,74,520)**	**(2,30,45,937)**
Cash Flow from Financing Activities		
Proceeds from /(Repayment of) borrowings	1,72,19,649	97,44,940
Money received on exercise of Stock Options / Issue of Shares	54,57,152	30,70,937
Money received against Share Warrants	-	17,50,000
Share Issue Expenses	(38,796)	(33,137)
Dividend paid (includes tax on dividend)	(2,64,376)	(1,74,826)
Net cash flow from Financing Activities (C)	**2,23,73,629**	**1,43,57,914**
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	**1,62,94,852**	**(2,10,253)**

S.R. BATLIBOI & ASSOCIATES LLP

AU SMALL FINANCE BANK LIMITED JAIPUR

AU SMALL FINANCE BANK LIMITED

Cash Flow Statement for the Year Ended on March 31, 2020

(₹ in '000)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Cash and Cash Equivalents at the beginning of the year (Refer Note Below)	1,74,01,934	1,76,12,187
Cash and Cash Equivalents at the end of the year (Refer Note Below)	**3,36,96,786**	**1,74,01,934**
Note:		
Balance with Banks in India in Fixed Deposit (As per Sch 7 I (i) (b))	20,89,157	13,29,729
Balance with Banks in India in Current Account (As per Sch 7 I (i) (a))	1,61,260	60,781
Money at Call and Short Notice in India (as per Sch 7 I (ii))	2,09,50,000	79,00,000
Cash in hand (including foreign currency notes) (As per Sch 6 I)	32,56,790	11,59,935
Balance with RBI in Current Accounts (As per Sch 6 II)	72,39,579	69,51,489
Cash and Cash Equivalents at the end of the year	**3,36,96,786**	**1,74,01,934**

As per our attached Report of even date.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No. 121411
Place : Mumbai

S.R. BATLIBOI & ASSOCIATES LLP

Date : May 02, 2020

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Raj Vikas Verma
(Non-Executive Independent
Part Time Chairman)
Place : New Delhi

Sanjay Agarwal
(Managing Director and CEO)
Place : Jaipur

Uttam Tibrewal
(Whole Time Director)
Place : Mumbai

Vimal Jain
(Chief Financial Officer)
Place : Jaipur

Manmohan Parnami
(Company Secretary)
Place : Jaipur

AU SMALL FINANCE BANK LIMITED
JAIPUR

AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2020

(₹ in '000)

Particulars	As at March 31, 2020	As at March 31, 2019
SCHEDULE 1 : CAPITAL		
Authorized shares		
35,00,00,000 (March 31, 2019: 35,00,00,000) equity shares of ₹ 10/- each	35,00,000	35,00,000
Issued Subscribed and paid up capital		
I. 29,23,57,486 equity shares of ₹ 10/- each (March 31, 2019: 28,57,03,620 equity shares)	29,23,575	28,57,036
II. Add: 16,61,477 equity shares of ₹ 10/- each (March 31, 2019: 23,23,425 equity shares) in pursuant to exercise of employee stock option	16,615	23,234
III. Add: NIL equity shares of ₹ 10/- each (March 31, 2019: 43,30,441 equity shares) in pursuant to preferential allotment	-	43,305
IV. Add: 1,01,04,364 equity shares of ₹ 10/- each (March 31, 2019: NIL equity shares) in pursuant to conversion of share warrants	1,01,043	-
Total	**30,41,233**	**29,23,575**

(₹ in '000)

Particulars	As at March 31, 2020	As at March 31, 2019
SCHEDULE 2 : RESERVES AND SURPLUS		
I. Statutory Reserve		
Opening Balance*	46,03,502	36,48,985
Additions during the year under the Banking Regulation Act, 1949	16,86,961	9,54,517
Deductions during the year	-	-
Sub- Total	**62,90,463**	**46,03,502**

**Opening balance of Statutory Reserve includes ₹ 291.89 crore represents transfer of twenty percent of net profit after tax in accordance with the provision of Section 45-IC of Reserve Bank of India Act, 1934 pursuant to NBFC Regulations.*

II. Share Premium		
Opening Balance	53,70,306	22,67,481
Add: Allotment of equity shares	72,35,067	31,35,961
Less: Utilised for share issue expenses	38,796	33,136
Sub- Total	**1,25,66,577**	**53,70,306**
III. Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		
Opening Balance	5,83,000	2,05,000
Additions during the year	6,70,000	3,78,000
Deductions during the year	-	-
Sub- Total	**12,53,000**	**5,83,000**
IV. Capital Reserve		
Opening Balance	27,616	-
Additions during the year	69,252	27,616
Deductions during the year	-	-
Sub- Total	**96,868**	**27,616**
V. Investment Fluctuation Reserve		
Opening Balance	2,21,200	-
Additions during the year	9,04,349	2,21,200
Deductions during the year	-	-
Sub- Total	**11,25,549**	**2,21,200**
VI. Balance in Profit and Loss Account		
Balance in Profit and Loss Account	1,88,73,181	1,57,20,275
Sub- Total	**1,88,73,181**	**1,57,20,275**
Total	**4,02,05,638**	**2,65,25,899**

S.R. BATLIBOI & ASSOCIATES LLP

AU SMALL FINANCE BANK LIMITED JAIPUR

AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2020

(₹ in '000)

Particulars		As at March 31, 2020	As at March 31, 2019
SCHEDULE 3 : DEPOSITS			
A.I Demand Deposits			
(I) From Banks		2,80,388	5,83,330
(ii) From Others		1,08,59,088	1,02,33,214
	Sub- Total	**1,11,39,476**	**1,08,16,544**
A.II Savings Bank Deposits		**2,67,33,587**	**2,50,84,367**
A.III Term Deposits			
(i) From Banks		4,68,74,602	3,59,04,650
(ii) From Others		17,68,91,620	12,24,18,795
	Sub- Total	**22,37,66,222**	**15,83,23,445**
Total		**26,16,39,285**	**19,42,24,356**
B.I Deposits of branches in India		26,16,39,285	19,42,24,356
B.II Deposits of branches outside India		-	-
Total		**26,16,39,285**	**19,42,24,356**

(₹ in '000)

Particulars		As at March 31, 2020	As at March 31, 2019
SCHEDULE 4 : BORROWINGS			
I. Borrowings in India			
(i) Reserve Bank of India		31,00,000	27,50,000
(ii) Other Banks		1,31,95,467	93,47,147
(iii) Other Institutions and Agencies		8,70,57,769	7,40,36,440
	Sub Total	**10,33,53,236**	**8,61,33,587**
II. Borrowings outside India		-	-
Total		**10,33,53,236**	**8,61,33,587**
Secured Borrowings (Includes Refinance) other than CBLO, Repo and LAF Borrowings included in I above		7,17,08,067	6,02,99,781
Tier II Debt included In I above		69,50,000	72,00,000
Tier II Debt included in II above		-	-

(₹ in '000)

Particulars	As at March 31, 2020	As at March 31, 2019
SCHEDULE 5 : OTHER LIABILITIES AND PROVISIONS		
I. Bills Payable	2,92,006	3,80,964
II Inter-office adjustments (net)	-	-
III. Interest Accrued	31,72,803	39,28,987
IV. Provision for Taxation	1,43,910	1,23,378
V. Standard Asset provision (refer note 4.6 - schedule 18A)	12,10,314	9,32,063
VI. Others (including Provisions)*	78,51,045	88,75,721
Total	**1,26,70,078**	**1,42,41,113**

**Including general provision of ₹ 138.38 crore (previous year Nil) made by Bank in respect of accounts in default but standard against the potential impact of COVID-19 as on March 31, 2020.*

S.R. BATLIBOI & ASSOCIATES

AU SMALL FINANCE BANK LIMITED JAIPUR

AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2020

(₹ in '000)

Particulars	As at March 31, 2020	As at March 31, 2019
SCHEDULE 6 : CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash In Hand (including Foreign Currency Notes - NIL)	32,56,790	11,59,935
II. Balances with Reserve Bank of India		
a. in Current Account	72,39,579	69,51,489
b. in Other Account	-	-
Total	**1,04,96,369**	**81,11,424**

(₹ in '000)

Particulars	As at March 31, 2020	As at March 31, 2019
SCHEDULE 7 : BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE		
I. In India		
i) Balances with banks in		
(a) Current Accounts	1,61,260	60,781
(b) Other Deposit Accounts	20,89,157	13,29,729
ii) Money at call and short		
(a) with Banks	2,09,50,000	79,00,000
(b) with Other Institutions	-	-
Sub Total	**2,32,00,417**	**92,90,510**
II. Outside India		
i) in Current Accounts	-	-
ii) in Other Deposit Accounts	-	-
iii) In Money at Call and Short Notice	-	-
Sub Total	**-**	**-**
Total	**2,32,00,417**	**92,90,510**

(₹ in '000)

Particulars	As at March 31, 2020	As at March 31, 2019
SCHEDULE 8 : INVESTMENTS		
I. Investments in India in (net of Provision)		
i) Government Securities	7,64,32,096	4,85,77,966
ii) Other Approved Securities	-	-
iii) Shares	8,93,210	9,72,054
iv) Debentures and Bonds	2,13,79,868	52,11,308
v) Subsidiaries and /or Joint Venture	-	-
vi) Others [Units, Certificate of Deposits (CD), Commercial Paper (CP), Pass Through Certificates (PTC)]	79,76,979	1,68,55,383
Sub Total	**10,66,82,153**	**7,16,16,711**
II. Investments outside India (net of provision)	-	-
Total	**10,66,82,153**	**7,16,16,711**

ATLIBOI & ASSOCIAT

AU SMALL FINANCE BANK LIMITED JAIPUR

AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2020

(₹ in '000)

Particulars		As at March 31, 2020	As at March 31, 2019
SCHEDULE 9 : ADVANCES			
A	i) Bills Purchased and Discounted	44,202	40,132
	ii) Cash Credits Overdrafts and Loans repayable on Demand	2,49,19,739	2,18,05,092
	iii) Term loans	24,49,60,213	20,63,42,084
	Total	**26,99,24,154**	**22,81,87,308**
B	i) Secured by Tangible Assets (includes advances against Book debts)	26,15,91,546	22,10,37,413
	ii) Covered by Bank / Government Guarantees (includes Advance to Banks)	2,70,177	49,227
	iii) Unsecured	80,62,431	71,00,668
	Total	**26,99,24,154**	**22,81,87,308**
C. I	**Advances in India**		
	i) Priority Sectors*	20,01,27,151	16,18,83,819
	ii) Public Sector	36,485	1,21,199
	iii) Banks	3,80,536	34,74,960
	iv) Others	6,93,79,982	6,27,07,330
	Total	**26,99,24,154**	**22,81,87,308**
C. II	**Advances outside India**	-	-
	Total	**26,99,24,154**	**22,81,87,308**

**Priority sectors includes ₹ 15,504.75 crore (previous year : ₹ 5,331.75 crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC). During the year ended March 31, 2020, the Bank has bought PSLC amounting Nil (previous year : ₹ 7,470.00 crore), which is not included in above.*

Advances are net of provisions.

(₹ in '000)

Particulars		As at March 31, 2020	As at March 31, 2019
SCHEDULE 10 : FIXED ASSETS			
I.	**Premises (including Land)**		
	Gross Block		
	At Cost as on 31st March of the preceding year	5,87,444	96,129
	Additions during the year	2,432	4,91,315
	Deductions during the year	-	-
	Sub Total	**5,89,876**	**5,87,444**
	Depreciation		
	As at 31st March of the preceding year	15,451	10,789
	Add: charge during the year	6,325	4,662
	Deductions during the year	-	-
	Sub Total	**21,776**	**15,451**
	Net Block	**5,68,102**	**5,71,993**
II.	**Other Fixed Assets (including Furniture & Fixtures)**		
	Gross Block		
	At Cost as on 31st March of the preceding year	51,78,785	45,17,467
	Additions during the year	8,95,694	7,49,403
	Deductions during the year	74,549	88,085
	Sub Total	**59,99,930**	**51,78,785**
	Depreciation		
	As at 31st March of the preceding year	13,54,015	7,99,026
	Add: charge during the year	8,79,852	6,12,885
	Deductions during the year	48,417	57,896
	Sub Total	**21,85,450**	**13,54,015**
	Net Block	**38,14,480**	**38,24,770**
III.	**Capital Work in Progress**	**97,401**	**73,537**
	Total	**44,79,983**	**44,70,300**

S.R. BATLIBOI & ASSOCIATES LLP

AU SMALL FINANCE BANK LIMITED JAIPUR

AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2020

(₹ in '000)

Particulars	As at March 31, 2020	As at March 31, 2019
SCHEDULE 11 : OTHER ASSETS		
i) Inter-Office Adjustment (Net)	-	-
ii) Interest Accrued	41,35,137	25,97,211
iii) Tax paid in Advance / Tax Deducted at Sources (Net of Provisions)	99,845	1,00,684
iv) Deferred Tax Assets (Net)	4,06,748	1,09,466
v) Advance for expenses	2,67,483	1,04,809
vi) Security Deposits	2,88,186	2,48,225
vii) Others	14,50,235	13,91,317
Total	**66,47,634**	**45,51,712**

(₹ in '000)

Particulars	As at March 31, 2020	As at March 31, 2019
SCHEDULE 12 : CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as Debts	1,64,982	4,56,490
II. Guarantees given on behalf of Constituents		
a) In India	75,38,833	16,75,157
b) Outside India	-	-
III. Acceptances Endorsements and Other Obligation	1,16,577	2,42,312
IV. Other items for which the Bank is Contingently Liable		
(a) Credit enhancements provided by the Bank towards assets assignment/securitisation	50,77,390	23,96,530
(b) Capital commitments not provided	6,00,126	1,46,909
(c) Other Guarantees	1,02,584	1,04,039
Total	**1,36,00,492**	**50,21,437**

S.R. BATLIBOI & ASSOCIATES LLP

AU SMALL FINANCE BANK LIMITED JAIPUR

AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Profit and Loss Account for the Year Ended March 31, 2020

(₹ in '000)

Particulars	Year Ended March 31, 2020	Year Ended Mar 31, 2019
SCHEDULE 13 : INTEREST EARNED		
I. Interest / Discount on Advances / Bills	3,41,48,376	2,37,41,865
II. Income on Investments	61,34,691	33,38,624
III. Interest on Balances with RBI and Other Inter-Bank Funds	2,58,040	3,13,829
IV. Others	23,17,736	20,96,970
Total	**4,28,58,843**	**2,94,91,288**

(₹ in '000)

Particulars	Year Ended March 31, 2020	Year Ended Mar 31, 2019
SCHEDULE 14 : OTHER INCOME		
I. Commission Exchange and Brokerage	42,91,437	31,81,250
II. Profit / (Loss) on sale of Investments (net)	17,25,732	2,21,157
III. Profit / (Loss) on sale of Land Building & Other Assets (net)	(11,114)	(14,428)
IV. Miscellaneous Income (refer note 47- schedule 18A)	10,54,865	12,31,131
Total	**70,60,920**	**46,19,110**

(₹ in '000)

Particulars	Year Ended March 31, 2020	Year Ended Mar 31, 2019
SCHEDULE 15 : INTEREST EXPENDED		
I. Interest on Deposits	1,60,54,668	89,91,397
II. Interest on Reserve Bank of India /Inter Bank Borrowings	8,12,950	6,69,882
III. Others	69,01,822	64,03,985
Total	**2,37,69,440**	**1,60,65,264**

(₹ in '000)

Particulars	Year Ended March 31, 2020	Year Ended Mar 31, 2019
SCHEDULE 16 : OPERATING EXPENSES		
I. Payments to and Provision for Employees	75,96,184	60,11,107
II. Rent Taxes and Lighting	9,88,022	7,47,312
III. Printing and Stationery	1,19,237	95,131
IV. Advertisement and Publicity	2,41,075	2,16,900
V. Depreciation on Bank's Property	8,86,177	6,17,546
VI. Directors' fees- allowances and expenses	13,726	8,591
VII. Auditors' Fee	17,186	9,998
VIII. Law charges (includes Professional Fees)	2,21,261	1,65,040
IX. Postages Telegrams Telephones etc.	2,88,609	2,28,051
X. Repairs and Maintenance (includes AMC)	8,10,838	7,60,513
XI. Insurance	1,99,549	98,357
XII. Direct marketing expenses (Payout expenses)	10,20,083	6,87,056
XIII. Travelling & Conveyance	4,29,832	3,39,511
XIV. Other Expenditure	13,46,806	8,40,962
Total	**1,41,78,585**	**1,08,26,075**

S.R. BATLIBOI & ASSOCIATES

AU SMALL FINANCE BANK LIMITED JAIPUR

AU SMALL FINANCE BANK LIMITED

SCHEDULE 17 : Basis of preparation and significant Accounting Policies

1. Background

AU Small Finance Bank Limited (formerly known as Au Financiers (India) Limited) ("AUSFBL" or "the Company" or "the Bank") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

The Company had originally obtained its license from Reserve Bank of India ('RBI') to operate as a non-deposit accepting Non-Banking Financial Company (NBFC-ND). on November 7, 2000 vide certificate of registration no. B-10-00139.

The Company has changed its name to AU Small Finance Bank Limited with effect from April 13, 2017 and commenced its operations as a Small Finance Bank from April 19, 2017 pursuant to the approval received from the Reserve Bank of India dated December 20, 2016.

The Bank is engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations and other services. The Bank operates in India only and does not have presence in any foreign country.

The Bank is governed by the Banking Regulation Act, 1949, banking guidelines issued by RBI on Small Finance Bank 2016, and the Companies Act, 2013.

2. Basis of preparation

The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and complying with the requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank which is used in the preparation of financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by RBI from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, Companies (Accounting Standards) Amendment Rules, 2016 in so far as they apply to banks. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The SARS-CoV-2 virus responsible Covid-19 pandemic is continue to spread cross the world and India is no exception, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and Central Banks have introduced a variety of measures to contain the spread of the virus and moderate the economic impact due to disruptions. On March 24, 2020, the Indian government announced a strict 21 days lockdown which was further extended by 19 days up till 3rd May across the country to contain the spread of the virus. The lockdown of nearly 136 crore people and many businesses is leading to disruptions and dislocations on a scale never imagined. The extent to which the COVID-19 pandemic will impact the Bank's operations and financial metrics will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium of three months on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Assets Classification and Provisioning norms).

3. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP as applicable to Banks requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses for the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates. Any revision in the accounting estimates is recognized prospectively in the current and future periods.

S.R. BATLIBOI & ASSOCIATES LLP

AU SMALL FINANCE BANK LIMITED JAIPUR

AU SMALL FINANCE BANK LIMITED

SCHEDULE 17 : Basis of preparation and significant Accounting Policies

4. Significant accounting policies

A. Advances

(i) Classification

Advances are classified as performing assets and non-performing assets ('NPAs') in accordance with the RBI guideline on Income Recognition and Asset Classification (IRAC). Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. The advances are stated net of specific provisions made towards NPAs and unrealised interest on NPAs. Interest on NPAs is transferred to an interest suspense account and not recognised in the Profit and Loss Account until received.

(ii) Provisioning

Provision for non-performing advances comprising sub-standard, doubtful and loss assets is made at a minimum in accordance with the RBI guidelines. In addition, the Bank considers accelerated specific provisioning that is based on past experience, evaluation of security and other related factors. Specific loan loss provision in respect of non-performing advances are charged to the Profit and Loss Account. Any recoveries made by the Bank in case of NPAs written off are recognised in the Profit and Loss Account.

The Bank has applied following provisioning rates:

Overdue bucket	% of Provision as per Bank policy	
	(Secured)	(Unsecured)
0-89	As mentioned below	
90-180	15%	25%
181-365	30%	30%
366-455	60%	60%
456-730	60%	100%
>730	100%	100%
Loss asset	100%	100%

The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advances / securities, which would generally include, among others, alteration of repayment period / repayable amount / the amount of instalments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made and classification thereof is as per the extant RBI guidelines.

In accordance with RBI guidelines, the Bank has provided general provision on standard assets at levels stipulated by RBI from time to time. - direct advances to sectors agricultural and SME at 0.25%, commercial real estate & NBFC at 1.00%, restructured standard advances progressively to reach 5.00%, commercial real estate-residential housing at 0.75%, housing loans (which have adequate Loan to Value (LTV) ratio as prescribed by RBI) at 0.25% and for other sectors at 0.40%. Provision made against standard assets in accordance with RBI guidelines as above is disclosed separately under Other Liabilities and not netted off against Advances.

Provision for unhedged Foreign Currency Exposure of borrowers is made as per the RBI guidelines.

B. Securitisation and transfer of assets

The Bank securitises out its receivables to Special Purpose Vehicles ('SPVs') in securitisation transactions. Such securitised-out receivables are de-recognised in the Balance Sheet when they are sold (true sale criteria as defined in RBI Circular, being fully met with) and consideration is received by the Bank. In respect of receivable pools securitised-out, the Bank provides liquidity facility and credit enhancements, as specified by the rating agencies, in the form of cash collaterals / guarantees and / or by subordination of cash flows in line with RBI guidelines. The Bank also acts as a servicing agent for receivable pools securitised-out.

The Bank enters into transactions for transfer of standard assets through the direct assignment of cash flows, which are similar to asset-backed securitisation transactions through the SPV route, except that such portfolios of receivables are assigned directly to the purchaser and are not represented by Pass Through Certificates ('PTCs').

The RBI issued addendum guidelines on securitisation of standard assets vide its circular dated May 7, 2012. Accordingly, the Bank does not provide liquidity facility or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines. The Bank amortises any profit received for every individual securitisation or direct assignment transaction based on the method prescribed in these guidelines.

SCHEDULE 17 : Basis of preparation and significant Accounting Policies

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as 'Miscellaneous Income' and the fee paid for purchase of the PSLCs is recorded as 'Other Expenditure' in the Profit and Loss Account. These are amortised on quarterly basis.

The Bank invests in PTCs issued by other SPVs. These are accounted for at the deal value and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the tenor of the loans.

C. Investments

Classification and valuation of the Bank's Investments is carried out in accordance with RBI and Fixed Income Money Market and Derivatives Association ('FIMMDA') guidelines issued in this regard from time to time.

(i) Classification

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' ('HTM') categories (hereinafter called "categories").

Investments, which the Bank intends to hold till maturity, are classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments.

For the purpose of disclosure in the financial statements, the investments are classified under six groups (hereinafter called "groups"):

a) Government Securities;
b) Other Approved Securities;
c) Shares;
d) Debentures and Bonds;
e) Subsidiaries / Joint Ventures; and
f) Other Investments.

All investments purchase and sale including equity shares are recorded under "Settlement Date" Accounting.

(ii) Acquisition cost

The cost of investments is determined on weighted average basis. Broken period interest on debt instruments and government securities are considered as a revenue item. The transaction costs including brokerage, commission, transaction/settlement charges etc. paid at the time of acquisition of investments are recognised in Profit and Loss Account.

(iii) Transfer between categories

Transfer of investments between categories, if any are considered in accordance with the extant RBI guidelines as follows:

a) Transfer from AFS /HFT to HTM is made at the lower of book value or market value at the time of transfer;

b) Transfer from HTM to AFS/HFT is made at acquisition price/book value if originally placed in HTM at par or at a discount and at amortised cost if originally placed in HTM at a premium;

c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provisions for depreciation against the HFT securities or vice-versa.

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AU SMALL FINANCE BANK LIMITED JAIPUR

SCHEDULE 17 : Basis of preparation and significant Accounting Policies

(iv) Valuation

Investments classified under HTM need not be marked to market and are carried at acquisition cost, unless it is more than face value, in which case the premium is amortised over the period remaining maturity by applying constant price method (Straight Line Method). Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines.

Bank recognises any diminution, other than temporary, in the value of their investment under HTM category for each investment individually.

Investments classified as AFS and HFT are marked to-market on a periodic basis as per relevant RBI guidelines. The securities are valued scrip-wise and any depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accreted for the holding period.

Quoted investments are valued at traded/ quoted price available on the recognised stock exchanges. subsidiary general ledger account transactions, price list of RBI or prices declared by Financial Benchmark India Pvt. Ltd ('FIBIL') jointly with Fixed Income Money Market and Derivatives Association (FIMMDA) applicable as at the balance sheet date. For deriving market value of unquoted fixed income securities (other than Central and State Government securities), yields / mark-up rates (reflecting associate credit risk) published by the FIMMDA is used. The market value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is valued as per rates published by FIBII /FIMMDA.

In case of unquoted bonds, debentures and preference shares where interest / dividend is received regularly (i.e., not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA)/ Financial Benchmark India Pvt. Ltd ('FIBIL') and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity published by FIMMDA is adopted for this purpose.

Equity shares for which current quotations are not available or where the shares are not quoted on the stock exchanges, should be valued at break-up value (without considering 'revaluation reserves', if any) which is to be ascertained from the company's latest balance sheet (which should not be more than one year prior to the date of valuation). In case the latest balance sheet is not available the shares are to be valued at Re.1 per company, as per relevant RBI guidelines.

Investment in mutual fund units are valued at latest available re-purchase price or Net Asset Value (where re-purchase price is not available) as declared by the mutual fund is respect of each particular scheme.

In case of funds with a lock-in period, where repurchase price/ market quote is not available, Units could be valued at Net Asset Value (NAV). If NAV is not available, then these could be valued at cost, till the end of the locking period. Wherever the re-purchase price is not available, the Units could be valued at the NAV of the respective scheme.

Units of Venture Capital Funds (VCF) held under AFS category are valued using the Net Asset Value (NAV) shown by VCF as per the financial statement. The VCFs are valued based on the audited results once in a year. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF.

Net depreciation in the value, if any, compared to the acquisition cost, in any of the aforesaid six groups, is charged to the Profit and Loss Account. The net appreciation, if any, in any of the six groups is not recognised except to the extent of depreciation already provided. The valuation of investments includes securities under repo transactions. The book value of individual securities is not changed after the valuation of investments.

Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss Account until received.

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(v) Disposal of investments

Profit / Loss on sale of investments under AFS and HFT categories are recognised in the Profit and Loss Account. Profit in respect of investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account as per RBI guidelines. Loss on sale from HTM will be recognised in the Profit and Loss account.

(vi) Investment Fluctuation Reserve

As per the RBI circular RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, to build up adequate reserves to protect against increase in yields in future, the Bank has created an Investment Fluctuation Reserve (IFR) to the extent of the lower of following:

a) net profit on sale of investments during the year;
b) net profit for the year less mandatory appropriations.

As per the RBI circular, this reserve will be created until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis and where feasible this should be achieved within a period of three year.

(vii) Repo and reverse repo transactions

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions including liquidity adjustment facility (with RBI) accounted for as borrowing and lending transactions. Accordingly, securities given as collateral under an agreement to repurchase them are held under the investments of the Bank and the Bank is accruing the coupon/discount on such securities during the repo period.
Also, the Bank value the securities sold under repo transactions as per the investment classification of the securities.
The difference between the clean price of the first leg and clean price of the second leg is recognised as interest income/expense over the period of the transaction in the Profit and Loss Account.

D. Transactions involving foreign exchange

Initial recognition

Transactions in foreign currencies entered into by the Bank are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the Balance Sheet date

Foreign currency monetary items, if any, of the Bank, outstanding at the balance sheet date are restated at the rates prevailing at the year-end as notified by Foreign Exchange Dealers Association of India('FEDAI'). Non-monetary items of the Bank are carried at historical cost.

Contingent liabilities on account of foreign exchange contracts, currency future contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

Treatment of Exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Bank are recognised as income or expense in the Profit and Loss Account.

E. Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plan:

The Bank's contributions to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made when the services are rendered by the employees.

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Defined Benefits Plan

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Profit and Loss Account in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested while otherwise, it is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short term Employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long term Employee benefits

The Bank accrues the liability for compensated absences based on actuarial valuation as at the Balance Sheet date conducted by an Independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Banks' obligation is determined using the Projected Unit Credit Method as at the Balance Sheet date. Actuarial gains/losses are recognised in the Profit and Loss Account in the year in which they arise.

Share based payments

The Employee Stock Option Schemes (ESOSs) of the Bank are in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Schemes provide for grant of options on equity shares to employees of the Bank to acquire the equity shares of the Bank that vest in a cliff vesting or in a graded manner and that are to be exercised within a specified period.

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the intrinsic value method. The intrinsic value being the excess, if any, of the fair market price of the share under ESOSs over the exercise price of the option is recognised as deferred employee compensation with a credit to Employee's Stock Option (Grant) Outstanding account. The deferred employee compensation cost is amortised on a straight-line basis over the vesting period of the option. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of equity instruments that are outstanding. The fair market price is the latest available closing price preceding the date of grant of the option, on the stock exchange on which the shares of the Bank are listed.

The options that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion. In respect of the options which expire unexercised the balance standing to the credit of Employee's Stock Option (Grant) Outstanding accounts is transferred to Profit & Loss Account.

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F. Revenue recognition

i) Interest Income is recognized on a time proportion accrual basis taking into account the amount outstanding and the interest rate implicit in the underlying agreements. Income or any other charges on non-performing assets or on assets taken in custody for recovery of loan through disposal of such assets during the period are recognized only when realized as per the IRAC norms of RBI. Any such income recognized and remaining unrealized, before the asset became non-performing or before disposal of assets in custody of the company, is reversed. Overdue interest is recognized on realization basis. Overdue Interest is treated to accrue on realisation, due to the uncertainty of their realisation other than on running accounts where it is recognised when due.

ii) Service charges, fees and commission income are recognised when due except for guarantee commission and letter of credit which is recognised over the period of the guarantee / letter of credit.

iii) Income on discounted instruments are recognised over the tenure of the instrument on a constant yield basis.

iv) Loan origination income i.e. processing fee and other charges are collected upfront and recognised at the inception of the loan.

v) All other charges such as cheque return charges, legal charges, seizing charges, etc. are recognised on realisation basis. These charges are treated to accrue on realisation, due to the uncertainty of their realisation.

vi) Dividend income is recognized on an accrual basis when the right to receive the dividend is established.

vii) Interest income on deposits with banks and other financial institutions are recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.

viii) Interest income on investments is recognised on accrual basis.

ix) Assignment and Securitisation:

a) Income on assignment transactions done prior to RBI circular no. DBOD.No.BP.BC-103/21.04.177/2011-12 May 07, 2012.
In case of assignment of loan assets and related receivables "at par", income is accounted for by applying the interest rate implicit in such assigned contracts as reduced by Internal Rate of Return (IRR) committed to the purchaser of loan assets.

b) For transactions done after issuance of RBI circular no. DBOD.No.BP.BC-103/21.04.177/2011-12 May 07, 2012.
Gains arising on securitisation of assets is recognised over the tenure of securities issued by SPV as per guidelines on securitisation of standard assets issued by RBI. Income from excess interest spread is accounted for net of losses when redeemed in cash. Expenditure in respect of securitisation (except bank guarantee fees for credit enhancement) is recognised upfront. Bank guarantee fees for credit enhancement is amortised over the tenure of the agreements. Income arising on direct assignment is recognised over the tenure of agreement on accrual basis.

x) Amounts recovered against debts written off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the Profit and Loss Account.

xi) Fees received on sale of Priority Sector Lending Certificates is recognised on proportionate basis during the financial year and considered as Miscellaneous Income, in accordance with the guidelines issued by the RBI.

G. Accounting for leases

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term is classified as operating leases. Operating lease rentals are recognised as an expense on straight-line basis over the lease period in accordance with the AS 19, Leases.

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H. Taxation

Tax expenses comprises of current income tax and deferred tax.

Income tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in Profit and Loss Account.

Deferred taxes

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Profit and Loss Account.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Bank has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

I. Accounting for provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Bank does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

J. Earnings Per Share (EPS)

Basic and diluted earnings per share is computed in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the period.

For the purpose of calculating diluted earnings per share, the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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K. Cash and Cash Equivalents

Cash and Cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

L. Fixed Assets

Property, Plant and Equipment/ Software/ Capital work-in-progress/ Software under development, Depreciation and Impairment

(i) Property, Plant and Equipment (PPE) and software

Property, Plant and Equipment and software are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use.

Gains or losses arising from derecognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Profit and Loss. Account when the asset is derecognized.

(ii) Depreciation on property, plant and equipment:

Leasehold land is amortised on a straight-line basis over the period of lease.

Depreciation on Property, Plant, Equipment and software is charged on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management as given below. The useful lives have been estimated by the management based on technical advice obtained. Determination of useful life of an asset is a matter of judgment and based on various factors such as type and make of an item, its place and pattern of usage, nature of technology, obsolescence factors, availability of spares, etc. and makes a significant impact on the useful life of an asset.

Particulars	Useful Life (years)
Premises owned by the Bank	60
Furniture and Fixtures	10
Vehicles	8
Software	4-7
Computers, Printers, servers and other office equipment	3-6
ATMs	10
Safe, Locker and locker gate	15

Addition to lease hold premises are charged off over the remaining period of lease subject to maximum of 10 years.
Items individually costing up to ₹ 5,000 /- are fully depreciated in the year of installation/purchase. as the management estimates the useful life of such assets as one year.

Depreciation on assets acquired/sold during the period is recognised on a pro-rata basis to the Profit and Loss Account from/upto the date of acquisition/sale.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

(iii) Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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(iv) Capital work-in-progress/ Software under development

Costs incurred towards acquisition of assets, including expenses incurred prior to those assets being put to use and directly attributable to bringing them to their working condition are included under "Capital Work in Progress". Capital Work in Progress and Software under development are stated at the amount incurred up to the date of Balance Sheet.

M. Segment Reporting

Part A: Business segments

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by RBI. The Bank operates in the following segments:

(a) Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending and gains or losses on investment operations.

(b) Retail banking

The retail banking segment serves retail customers through a branch network and other delivery channels. This segment raises deposits from customers and provides loans and other services to customers with the help of specialist product groups. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof. Revenues of the retail banking segment are derived from interest earned on retail loans, fees from services rendered etc. expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.

(c) Wholesale banking

The wholesale banking segment provides loans and transaction services to large corporates, emerging corporates, public sector units, government bodies, financial institutions and medium scale enterprises. Revenues of the wholesale banking segment consist of interest earned on loans made to customers etc. The principal expenses of the segment consist of interest expense on funds borrowed from external sources, interest on deposits, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

(d) Other banking business

This segment includes income from para banking activities such as third party product distribution and the associated costs.

(e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes unallocable assets and liabilities such as deferred tax, prepaid expenses, etc.

Segment revenue includes earnings from customers. Segment result includes revenue less interest expense less operating expense and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Segment capital employed represents the net assets in that segment.

Part B: Geographic segments

The Bank operates in a single geographic segment i.e. domestic.

N. Share Issue Expenses

Share issue expenses are adjusted from Securities Premium Account as permitted by Section 52 of the Companies Act, 2013.

O. Accounting for Proposed Dividend

Dividend proposed/ declared including dividend distribution tax after the balance sheet date is accrued in the books of the Bank in the year in which the dividend is approved by the shareholders as per revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March 2016.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

Amounts in notes forming part of the financial statements for the year ended March 31, 2020 are denominated in rupee crore to conform to extant RBI guidelines.

A. Disclosures as Laid Down by RBI Circulars

1 Capital Adequacy Ratio

The Capital adequacy ratio ("CAR") has been computed as per operating guideline for Small Finance Bank in accordance with RBI Circular No. RBI/2016-17/81DBR. NBD.No.26/16.13.218/2016-17 dated October 6, 2016.

The Bank has followed Basel II standardized approach for credit risk in accordance with the Operating Guideline issued by the Reserve Bank of India for Small Finance banks. Further, the RBI vide its circular No. DBR.NBD.No. 4502/16.13.218/2017-18 dated November 8, 2017 has provided an exemption to all small Finance banks whereby no separate capital charge is prescribed for market risk and operational risk.

The total Capital Adequacy ratio of the Bank as at March 31, 2020 is 21.99% (previous year: 19.31%) against the regulatory requirement of 15.00% as prescribed by RBI.

The Bank has also considered an additional Risk Weight of 25% on assets under lien for its "grandfathered" legacy borrowings as per instructions received from RBI.

No Capital Conservation Buffer and Counter - Cyclical Capital Buffer is applicable on Small Finance Bank (SFB) as per operating guidelines issued on SFB by RBI.

The following table set forth, for the year indicated, computation of Capital adequacy:

(₹ in Crore)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
(i)	Common Equity Tier 1 capital ratio (%)	18.36%	15.96%
(ii)	Tier I capital ratio (%)	18.36%	15.96%
(iii)	Tier II capital ratio (%)	3.63%	3.35%
(iv)	Total Capital Ratio (CRAR) (%)	21.99%	19.31%^
(v)	Percentage of the shareholding of the Government of India in public sector banks	-	-
(vi)	Amount of equity capital raised	545.72*	482.09**
(vii)	Amount of Additional Tier I capital raised; of which		
	Perpetual Non Cumulative Preference Shares (PNCPS)	-	-
	Perpetual Debt Instruments (PDI)	-	-
(viii)	Amount of Tier II capital raised; of which		
	Debt capital instruments:		500.00
	Preferential capital instrument	-	
	Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable	-	-

** During the year ended March 31, 2020, the Bank has received an amount of ₹ 525.00 Crore (the "Balance Consideration") upon allotment of equity shares against 10,104,364 convertible warrants pursuant to exercise of option by the warrant holder. These warrants are converted into 10,104,364 equity share of the Bank of face value ₹ 10 each, at an issue price of ₹ 692.77 per share aggregating to ₹ 700.00 Crore out of which ₹ 175.00 Crore (the "Upfront Consideration") was received during the previous year.*

*** During the year ended March 31, 2019, the Bank has raised additional equity capital through a preferential allotment of 4,330,441 equity shares of ₹10 each at an issue price of ₹ 692.77 per share. Accordingly, the paid-up share capital of the Bank has increased by ₹ 4.33 Crore and the reserves of the Bank have increased by ₹ 295.67 Crore. Also the Bank allotted 10,104,364 convertible warrants, each convertible into one equity share of the Bank of face value ₹ 10 each, at an issue price of ₹ 692.77 per share aggregating to ₹ 700.00 Crore out of which ₹ 175.00 Crore (the "Upfront Consideration") has been received during the current year against allotment of warrant and the balance of ₹ 525.00 Crore (the "Balance Consideration") shall be received upon allotment of equity shares against such warrants pursuant to exercise of option by the warrant holder. This Upfront Consideration is considered as part of Tier I Capital for the purpose of computation of the Capital Adequacy Ratio as at March 31, 2019.*

^ The Bank has reduced proposed dividend for computing Capital Adequacy Ratio as at March 31, 2019.

Further the Bank allotted 1,661,477 equity shares (previous year: 2,323,425 equity shares) aggregating to paid up share capital of ₹ 1.66 crore (previous year: ₹ 2.32 crore) and the reserves of the Bank have increased by ₹ 19.06 crore (previous year: ₹ 4.77 crore) in respect of stock options exercised.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

2 Investments

2.1 Detail of Investments

(₹ In Crore)

Particulars	March 31, 2020	March 31, 2019
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	10,668.24	7,161.72
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	0.02	0.05
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	10,668.22	7,161.67
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	0.05	0.47
(ii) Add: Provisions made during the year	0.02	0.05
(iii) Less: Write off / write back of excess provisions during the year	0.05	0.47
(iv) Closing balance	0.02	0.05

Reserve Bank of India vide its circular dated April 2, 2018 and June 15, 2018 respectively granted banks an option to spread provisions for mark to market losses on investments held in AFS and HFT for the quarters ended December 31, 2017, March 31, 2018 and June 30, 2018. The Circular stated that the provisioning for each of these quarters may be spread equally over upto four quarters, commencing with the quarter in which the loss was incurred. The Bank has availed the dispension as provided in above circular in Quarter ended June 30, 2018, however, during the Quarter ended December 31, 2018, the brought forward unamortised depreciation has been fully offset against the appreciation in the AFS/HFT Investments.

2.2 Repo Transactions

Details of repo / reverse repo deals (in face value terms) (Including LAF and TREPS) entered during the year ended March 31, 2020

(₹ in Crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2020
Securities sold under repo :				
i. Government securities				
a. LAF Repo	-	310.00	37.10	310.00
b. Triparty Repo (TREPS)	-	474.84	140.01	449.97
ii. Corporate debt securities	-	25.19	0.14	-
Securities purchased under reverse repo :				
i. Government securities				
a. LAF Repo	-	2,700.00	191.59	2,095.00
b. Triparty Repo (TREPS)	-	239.96	3.14	-
ii. Corporate debt securities	-	-	-	-

Details of repo / reverse repo deals (in face value terms) (Including LAF and TREPS) entered during the year ended March 31, 2019

(₹ In Crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2019
Securities sold under repo :				
i. Government securities				
a. LAF Repo	-	275.00	12.07	275.00
b. Triparty Repo (TREPS)	-	268.06	12.43	-
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo :				
i. Government securities				
a. LAF Repo	-	575.00	45.19	510.00
b. Triparty Repo (TREPS)	-	-	-	-
ii. Corporate debt securities	-	-	-	-

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

2.3 Non-SLR investment portfolio

i) Issuer composition of Non SLR investments

Issuer-wise composition of non-SLR investments as at March 31, 2020:

(₹ in Crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities*
1	2	3	4	5	6	7
(i)	Public sector undertakings	354.36	-	-	-	-
(ii)	Financial Institutions	1,857.59	417.79	-	-	-
(iii)	Banks	154.64	94.98	-	-	-
(iv)	Private corporates	402.76	-	-	-	50.00
(v)	Subsidiaries / Joint Ventures	-	-	-	-	-
(vi)	Others**	255.66	255.66	-	-	-
(vii)	Provision held towards	-	-	-	-	-
	Total	3,025.01	768.43	-	-	50.00

Amounts reported under column 4, 5, 6 and 7 above are not mutually exclusive.

** Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates (PTC), security receipts, commercial papers, certificates of deposit, non-convertible debentures (NCDs) with original or initial maturity up to one year issued by corporate (including NBFC), unlisted convertible debentures and securities acquired by way of conversion of debt.*

*** Others include Investment in Pass Through Certificates (PTC).*

Issuer-wise composition of non-SLR investments as at March 31, 2019:

(₹ in Crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities*
1	2	3	4	5	6	7
(i)	Public sector undertakings	645.69	447.16	-	-	-
(ii)	Financial Institutions	971.03	335.14	-	-	-
(iii)	Banks	33.17	-	-	-	-
(iv)	Private corporates	246.74	98.70	-	-	-
(v)	Subsidiaries / Joint Ventures	-	-	-	-	-
(vi)	Others**	407.29	407.29	-	-	-
(vii)	Provision held towards	(0.05)	(0.05)	-	-	-
	Total	2,303.87	1,288.24	-	-	-

Amounts reported under column 4, 5, 6 and 7 above are not mutually exclusive.

** Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates (PTC), security receipts, commercial papers, certificates of deposit, non-convertible debentures (NCDs) with original or initial maturity up to one year issued by corporate (including NBFC), unlisted convertible debentures and securities acquired by way of conversion of debt.*

*** Others include Investment in Pass Through Certificates (PTC).*

ii) Non performing Non-SLR investments

The Bank does not have any Non performing Non-SLR investment as on March 31, 2020 and March 31, 2019.

2.4 Details of investments category - wise (Net of Provision for Depreciation)

The details of investments held under the three categories viz. Held for Trading (HFT), Available for Sale (AFS) and Held to Maturity (HTM) are as under:

(₹ in Crore)

Particular	As at March 31, 2020				As at March 31, 2019			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Government securities	10.47	2,592.25	5,040.49	7,643.21	5.08	965.40	3,887.31	4,857.79
Other approved securities	-	-	-	-	-	-	-	-
Shares	-	89.32	-	89.32	-	97.21	-	97.21
Debentures and bonds	-	2,137.99	-	2,137.99	-	521.13	-	521.13
Subsidiary/Joint ventures	-	-	-	-	-	-	-	-
Others*	300.00	497.70	-	797.70	-	1,685.54	-	1,685.54
Total	310.47	5,317.26	5,040.49	10,668.22	5.08	3,269.28	3,887.31	7,161.67

** Others Investment includes Certificate of Deposits amounting of ₹ 94.98 (previous year: NIL), Commercial Papers of ₹ 147.07 Crore (previous year: ₹ 1,278.30 Crore), Mutual fund Units of ₹ 300.00 Crore (previous year: NIL) and PTC of ₹ 255.66 Crore (previous year: ₹ 407.24 Crore).*

Figures Reported above are Net of Provision (Depreciation/NPI)

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2.5 Sale and Transfers to / from HTM Category

During the year ended March 31, 2020 and the previous year ended March 31, 2019 the Bank has not sold and transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM.

3 Derivatives / Exchange traded Interest derivatives / Risk exposures in derivatives

The bank has not entered into any derivative instruments for trading / speculative purposes either in Foreign Exchange or domestic treasury operations and Bank does not have any Forward Rate Agreement or interest rate swaps during the year ended March 31, 2020 and March 31, 2019.

4 Asset Quality

4.1 Movement in NPAs (On fund based portfolio)

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
(i) Net NPAs to Net Advances (%)	0.81%	1.29%
(ii) Movement of NPAs (Gross)		
Gross NPAs as on 1st April (opening balance)	470.14	269.74
Additions (Fresh NPAs) during the year	617.03*	447.73
Sub-total (A)	1,087.17	717.47
Less:		
(i) Upgradations	525.73*	175.20
(ii) Recoveries (excluding recoveries made from upgraded accounts)	56.53	52.50
(iii) Technical / Prudential Write-offs	2.05	-
(iv) Write-offs other than those under (iii) above	45.08	19.63
Sub-total (B)	629.39	247.33
Gross NPAs as on 31st March (closing balance) (A-B)	**457.78**	**470.14**
(iii) Movement of Net NPAs		
(a) Opening balance	294.50	169.34
(b) Additions during the year	402.65	316.51
(c) Reductions during the year	(479.85)	(191.35)
(d) Closing balance	**217.30**	**294.50**
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	175.64	100.40
(b) Provisions made during the year	214.38	131.22
(c) Write-offs / Write-back of excess provisions	(149.54)	(55.98)
(d) Closing balance	**240.48**	**175.64**

**Additions and deletions does not include loans which have become NPA during the month and subsequently moved out of NPA in the same month.*

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

4.2 Disclosure on accounts subjected to restructuring for the year ended March 31, 2020:

(₹ in Crore, except numbers)

Sr No.	Type of Restructuring / Asset Classification → / Details ↓		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	3	-	5	-	8	3	-	5	-	8
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	0.48	-	1.04	-	1.52	0.48	-	1.04	-	1.52
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.02	-	0.39	-	0.41	0.02	-	0.39	-	0.41
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	2	-	-	2	-	2	-	-	2
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	0.06	-	-	0.06	-	0.06	-	-	0.06
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.01	-	-	0.01	-	0.01	-	-	0.01
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(3)	-	-	-	(3)	(3)	-	-	-	(3)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(0.48)	-	-	-	(0.48)	(0.48)	-	-	-	(0.48)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(0.02)	-	-	-	(0.02)	(0.02)	-	-	-	(0.02)
5	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	(0.07)	-	(0.07)	-	-	(0.07)	-	(0.07)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	0.58	-	0.58	-	-	0.58	-	0.58
6	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31 of the year (closing figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	2	5	-	7	-	2	5	-	7
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	0.06	0.97	-	1.03	-	0.06	0.97	-	1.03
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.01	0.97	-	0.98	-	0.01	0.97	-	0.98

** Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)*

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

4.2 Disclosure on accounts subjected to restructuring for the year ended March 31, 2019:

(₹ In Crore, except numbers)

Sr No.	Type of Restructuring / Asset Classification → / Details ↓		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	7	1	-	8	-	7	1	-	8
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	2.50	0.00	-	2.50	-	2.50	0.00	-	2.50
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.62	0.00	-	0.62	-	0.62	0.00	-	0.62
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1	-	-	1	-	1
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	0.04	-	0.04	-	-	0.04	-	0.04
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	0.02	-	-	0.02	-	0.02
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	3	(4)	-	-	(1)	3	(4)	-	-	(1)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	0.48	(1.45)	-	-	(0.97)	0.48	(1.45)	-	-	(0.97)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.02	(0.39)	-	-	(0.37)	0.02	(0.39)	-	-	(0.37)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	(3)	3	-	-	-	(3)	3	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	(1.05)	1.00	-	(0.05)	-	(1.05)	1.00	-	(0.05)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(0.23)	0.37	-	0.14	-	(0.23)	0.37	-	0.14
6	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31 of the year (closing figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	3	-	5	-	8	3	-	5	-	8
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	0.48	-	1.04	-	1.52	0.48	-	1.04	-	1.52
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.02	-	0.39	-	0.41	0.02	-	0.39	-	0.41

** Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)*

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4.3 Details of Financial Assets sold during the year to Securitisation / Reconstruction Companies (SC/RC) for Asset Reconstruction

During the year, there was no sale of non-performing financial assets to Securitisation Company / Reconstruction Company (Previous year Nil).

4.4 Details of book value of investment in security receipts (SRs) backed by NPAs

The Bank has not invested in security receipts during the year and previous year.

4.5 Details of non-performing assets purchased/sold

The Bank did not sell / buy non-performing assets during the year and previous year, (Does not includes clean up call option exercised on Securitised portfolio).

4.6 Provisions on Standard Assets

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Provision towards Standard Assets	121.03*	93.21

**Does not Includes general provision of ₹ 138.38 crore made by bank in respect of accounts in default but standard against the potential impact of COVID-19 as on March 31, 2020.*

5 **Business Ratios**

Particulars	March 31, 2020	March 31, 2019
i. Interest Income as a percentage to Working Funds	11.91%	12.02%
ii. Non Interest income as a percentage to Working Funds	1.96%	1.88%
iii. Operating Profit as a percentage to Working Funds	3.33%	2.94%
iv. Return on Assets	1.81%	1.48%
v. "Business" (deposits plus advances) per employee (₹ in crore)	3.00	2.34
vi. Profit per employee (₹ in crore)	0.05	0.03

Definitions of certain items in Business ratios / Information:

1.Working funds to be reckoned as monthly average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949.

2. Operating profit = (Interest Income + Other Income – Interest expenses – Operating expenses).

3. Return on Assets has been calculated on yearly average of total assets.

4. "Business" is the total of monthly average of net advances and deposits (net of inter-bank deposits).

5. Productivity ratios (Business per employee and Profit per employee) are based on monthly average of employees count.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports and has been furnished by the Management which has been relied upon by the auditors.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

6 **Asset Liability Management**

Maturity pattern of certain items of assets and liabilities

As at March 31, 2020 (₹ in Crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15-30 days	31 days & upto 2 months	More than 2 months and upto 3 months	Over 3 months & upto 6 months	Over 6 month & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	100.96	947.85	1,034.59	824.86	1,744.82	1,980.83	3,631.26	8,110.79	7,594.92	165.91	27.14	26,163.93
Advances	1.23	20.44	50.03	43.44	28.40	1,204.18	2,181.50	4,043.39	11,500.66	4,300.83	3,618.30	26,992.42
Investments	2,788.50	555.21	176.67	367.32	339.13	416.54	997.81	1,888.14	2,930.07	43.68	165.14	10,668.22
Borrowings	7.94	694.97	75.76	145.20	467.70	596.97	1,168.45	1,872.77	4,280.14	525.42	500.00	10,335.32
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-	-

As at March 31, 2019 (₹ in Crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15-30 days	31 days & upto 2 months	More than 2 months and upto 3 months	Over 3 months & upto 6 months	Over 6 month & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	45.95	691.48	495.99	911.62	1,733.71	1,739.14	2,099.08	4,482.04	6,955.77	253.52	14.14	19,422.44
Advances	8.54	332.72	168.46	394.94	654.47	518.75	1,326.14	2,736.79	8,598.92	3,632.66	4,446.34	22,818.73
Investments	1,048.15	347.44	502.80	465.69	684.38	602.81	677.33	1,193.67	1,408.25	47.88	183.27	7,161.67
Borrowings	0.73	0.05	327.50	203.29	133.84	100.30	1,150.61	1,492.90	4,028.59	675.55	500.00	8,613.36
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-	-

In computing the above information, certain estimates and assumptions have been made by the Bank's Management which have been relied upon by the auditors.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

7 Exposures

7.1 Exposure to real estate sector

(₹ in Crore)

Category	March 31, 2020	March 31, 2019
(a) Direct exposure		
(i) Residential Mortgages– Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Includes Individual housing loans eligible for inclusion in priority sector advances as at March 31, 2020 ₹ 340.69 crore and as at March 31, 2019 ₹ 78.90 crore)	450.22	116.35
(ii) Commercial Real Estate– Lending secured by mortgages on commercial real estate (office buildings, retail space, multi purpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non fund based (NFB) limits	900.01	793.69
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures–		
(a) Residential	-	-
(b) Commercial Real Estate	-	-
Total (A)	**1,350.23**	**910.04**
(b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	1,028.68	519.57
Total (B)	**1,028.68**	**519.57**
Total Exposure to Real Estate Sector (A+B)	**2,378.91**	**1,429.61**

Of the loans given against the mortgage of any real estate, only those loans have been classified as an exposure to commercial real estate, the prospects for repayment in respect of which depend primarily on the cash flows generated by such mortgaged asset.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports which has been furnished by the Management and has been relied upon by the auditors.

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7.2 Exposure to Capital Market

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	89.32	97.21
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds.	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds ₹ does not fully cover the advances.	-	16.12
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	136.00	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
(vii) Bridge loans to companies against expected equity flows / issues.	-	-
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	-	-
(ix) Financing to stockbrokers for margin trading.	-	-
(x) All exposures to Venture Capital Funds (both registered and unregistered).	-	-
Total Exposure to Capital Market	**225.32**	**113.33**

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports which has been furnished by the Management and has been relied upon by the auditors.

7.3 Details of risk category wise country exposure

The Bank does not have any country risk exposure other than "home country exposures" and accordingly, no provision is maintained with regard to country risk exposure (previous year Nil).

7.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the bank

During the year ended March 31, 2020 and March 31, 2019, the Bank has not exceeded the prudential credit exposure limit as prescribed by the Reserve Bank of India in respect of Single Borrower and Group Borrowers.

7.5 Unsecured Advances

The Bank has not extended any advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. (Previous year Nil). The unsecured advances of ₹ 806.24 crore (previous year: ₹ 710.07 crore) as disclosed in Schedule 9 are without any collateral security.

8 Penalties levied by the RBI

During the year ended March 31, 2020, RBI has imposed a penalty of ₹ 0.001 crore (previous year Nil) for not exchanging soiled notes at a branch.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

9 Breakup of "Provisions and Contingencies" recognised in the Profit and Loss Account comprise:

(₹ in Crore)

Sr No.	Particular	March 31, 2020	March 31, 2019
(i)	Provision for Non performing advances	64.75	75.24
(ii)	Provision for Depreciation on Investments	(0.04)	(0.42)
(iii)	Provision for Income Tax	268.92	195.56
(iv)	Provision for Deferred Tax	(29.73)	2.76
(v)	Non performing Advances written off	51.80	28.47
(vi)	Provision on Standard Advances	27.83	36.81
(vii)	Other Provision and Contingencies*	138.86	1.68
	Total Provisions and Contingencies	**522.39**	**340.10**

**Including general provision of ₹ 138.38 crore made by bank in respect of accounts in default but standard against the potential impact of COVID-19 as on March 31, 2020.*

10 Floating provision

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
(a) Opening balance in the floating provisions account	-	-
(b) The quantum of floating provisions made in the accounting year	-	-
(c) Amount of draw down made during the accounting year	-	-
(d) Closing balance in the floating provisions account	-	-

11 Draw down from reserves

There has been no draw down from reserves during the year ended March 31, 2020 and March 31, 2019 other than those disclosed under Schedule 2.

12 Disclosure for Customer Complaints

(A) Status of Customer Complaints

(i) Customer complaints other than ATM transaction disputes:

Particular	March 31, 2020	March 31, 2019
No. of complaints pending at the beginning of the year	763	118
No. of complaints received during the year	18002	14182
No. of complaints redressed during the year	18561	13537
No. of complaints pending at the end of the year	204	763

(ii) ATM transaction disputes relating to the Bank's customers on bank's ATMs:

Particular	March 31, 2020	March 31, 2019
No. of complaints pending at the beginning of the year	6	3
No. of complaints received during the year	3682	5446
No. of complaints redressed during the year	3687	5443
No. of complaints pending at the end of the year	1	6

(iii) ATM transaction disputes relating to the Bank's customers on other bank's ATMs:

Particular	March 31, 2020	March 31, 2019
No. of complaints pending at the beginning of the year	126	0
No. of complaints received during the year	9370	9283
No. of complaints redressed during the year	9464	9157
No. of complaints pending at the end of the year	32	126

(iv) Total customer complaints and ATM transaction disputes [total of tables (i), (ii) and (iii) above]:

Particular	March 31, 2020	March 31, 2019
No. of complaints pending at the beginning of the year	895	121
No. of complaints received during the year	31054	28911
No. of complaints redressed during the year	31712	28137
No. of complaints pending at the end of the year	237	895

Includes complaints received from Banking Ombudsman (BO) and out of 237 (previous year : 895) pending complaints, all redressed before Board meeting except 3 (previous year : 62) complaints.

(B) Status of Awards passed by the Banking Ombudsman (BO)

Particular	March 31, 2020	March 31, 2019
No. of unimplemented Awards at the beginning of the year	Nil	Nil
No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
No. of Awards implemented during the year	Nil	Nil
No. of unimplemented Awards at the end of the year	Nil	Nil

The above details are as furnished by the Management and relied upon by the Auditors.

13 Disclosure of Letters of Comfort (LoC) issued by the Bank

The Bank has not issued any Letter of Comfort during the period ended March 31, 2020 and March 31, 2019.

14 Provisioning Coverage Ratio

The Provision Coverage Ratio (PCR) (excluding standard assets provision and general provision on advances due to COVID-19) of the Bank is 52.78% as at March 31, 2020 (previous year: 37.36%).

15 Bancassurance Business

Commission, Exchange and Brokerage in Schedule 14 include the following fees earned on Bancassurance business:

(₹ in Crore)

Nature of Income	March 31, 2020	March 31, 2019
Towards selling of life insurance policies	17.55	16.03
Towards selling of non life insurance policies	13.02	9.85
Towards selling of mutual fund and other products	0.48	0.70

16 Concentration of deposits, advances, exposures and NPAs

(I) Concentration of Deposits

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Total Deposits of twenty largest depositors*	6,125.75	4,854.83
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	23.41%	25.00%

**Includes certificate of deposits*

(ii) Concentration of Advances

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Total Advances to twenty largest borrowers	1,026.32	1,289.56
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	3.79%	5.72%

Advances comprise credit exposure (funded and non-funded credit limits).
The Bank has compiled the data for the purpose of this disclosure from its internal MIS system which has been relied upon by the auditors.

(iii) Concentration of Exposures

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Total Exposure to twenty largest borrowers / customers	2,420.45	2,071.66
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the bank on borrowers / customers	8.05%	8.33%

Exposures comprise credit exposure (funded and non-funded credit limits) including investment exposure.
The Bank has compiled the data for the purpose of this disclosure from its internal MIS system which has been relied upon by the auditors.

(iv) Concentration of NPAs

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Total Exposure to top four NPA accounts	26.97	26.25

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

17 Sector wise advances

(₹ in Crore)

Sr. No.	Sector	March 31, 2020		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	Priority Sector*			
1	Agriculture and allied activities	3,815.27	67.17	1.76%
2	Advances to industries sector eligible as priority sector lending	2,111.06	27.17	1.29%
	Wood and Wood Products	212.40	3.44	1.62%
	Engineering	385.93	4.75	1.23%
	Gems and Jewellery	325.08	1.97	0.61%
	Infrastructure	386.62	2.25	0.58%
3	Services	13,944.70	276.24	1.98%
	Transport Operators	2,736.76	60.13	2.20%
	Trade	6,883.74	144.18	2.09%
4	Personal loans	341.84	0.91	0.27%
	Housing Loan	340.69	0.91	0.27%
	Advances against Fixed Deposits	1.00	-	0.00%
	Sub total (A)	20,212.87	371.49	1.84%
B	Non Priority Sector			
1	Agriculture and allied activities	-	-	0.00%
2	Industry	67.78	0.32	0.47%
	Wood and Wood Products	9.93	0.06	0.62%
	Engineering	9.83	0.02	0.23%
	Gems and Jewellery	6.16	0.01	0.21%
	Infrastructure	2.36	-	0.00%
3	Services	4,348.18	74.71	1.72%
	Transport Operators	591.99	6.16	1.04%
	Trade	447.63	14.98	3.35%
4	Personal loans	2,604.07	11.26	0.43%
	Housing Loan	109.54	-	0.00%
	Vehicle Loans	1,125.33	8.88	0.79%
	Advances against Fixed Deposits	809.54	-	0.00%
	Sub-total (B)	7,020.03	86.29	1.23%
	Total (A+B)	27,232.90	457.78	1.68%

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

(₹ in Crore)

Sr. No.	Sector	March 31, 2019		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	Priority Sector*			
1	Agriculture and allied activities	3,227.80	73.86	2.29%
2	Advances to industries sector eligible as priority sector lending	1,490.30	24.99	1.68%
	Engineering	236.90	4.69	1.98%
	Gems and Jewellery	248.66	2.03	0.82%
	Infrastructure	321.73	2.23	0.69%
3	Services	11,529.05	303.98	2.64%
	Transport Operators	2,634.88	78.23	2.97%
	Trade	5,090.90	141.40	2.78%
4	Personal loans**	91.05	-	0.00%
	Sub total (A)	**16,338.20**	**402.83**	**2.47%**
B	**Non Priority Sector**			
1	Agriculture and allied activities	-	-	0.00%
2	Industry	18.06	0.06	0.31%
	Engineering	3.42	-	0.00%
	Gems and Jewellery	0.18	0.00	1.04%
	Infrastructure	2.86	0.02	0.70%
3	Services	4,175.49	41.93	1.00%
	Transport Operators	137.36	5.01	3.65%
	Trade	224.64	11.90	5.30%
	Non-Banking Financial Companies	2,712.78	-	0.00%
4	Personal loans	2,462.62	25.32	1.03%
	Vehicle Loans	1,551.24	19.50	1.26%
	Sub-total (B)	**6,656.17**	**67.31**	**1.01%**
	Total (A+B)	**22,994.37**	**470.14**	**2.04%**

**Priority sector outstanding total advances includes ₹ 15,504.75 crore (previous year : ₹ 5,331.75 crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC).*

During the year ended March 31,2020, the Bank has bought PLSC amounting Nil (previous year : ₹ 7,470.00 crore) which is not included in above disclosure.

***Personal loan includes Housing loan*

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports which has been furnished by the Management and has been relied upon by the auditors.

18 Technical or prudential write-offs

Technical or prudential write-offs refer to the amount of non-performing assets which are outstanding in the books of the branches, but have been written-off (fully or partially) at the head office level. The financial accounting systems of the Bank are integrated and there are no write-offs done by the Bank which remain outstanding in the books of the branches. Movement in the stock of technically or prudentially written-off accounts is given below:

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance of technical / prudential write-offs	-	-
Technical / Prudential write-offs during the year	2.41	-
Sub total (A)	2.41	-
Recoveries made from previously technically / prudentially written-off accounts during the	-	-
Closing balance of technical / prudential write-offs [(A)-(B)]	2.41	-

** Includes two loans which directly classified into technical written off from standard assets classification during the year amounting to ₹ 0.36 crore.*

19 Overseas assets, NPAs and revenue

The Bank does not have any overseas branches and hence the disclosure regarding overseas assets, NPAs and revenue is not applicable (Previous Year : Nil).

20 Off Balance Sheet SPVs sponsored

There are no Off-Balance Sheet SPVs sponsored by the Bank which need to be consolidated as per accounting norms.

21 Disclosures on remuneration

A. Qualitative Disclosures:

a) Information relating to the composition and mandate of the Remuneration Committee:

In compliance of Companies Act 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Banking Regulation Act 1949 and other guidelines as applicable, the Board of Directors through its Nomination and Remuneration Committee (NRC) of the Board oversees the framing, review and implementation of the compensation policy of the Bank, on behalf of the Board. This committee works in coordination with Risk Management Committee of the Bank, in order to achieve effective alignment between risk and remuneration.
As on March 31, 2020, the Nomination and Remuneration Committee consist of Non-Executive Directors, composition of committee is as follows:

- Mr. Krishan Kant Rathi - Independent Director (Chairman)
- Mr. Raj Vikash Verma – Independent Director (w.e.f. March 30, 2020)
- Ms. Jyoti Narang - Independent Director
- Mr. Narendra Ostawal - Non- Executive Director
- Mr. Mannil Venugopalan – Independent Director - Chairman (ceased to be a member from March 30, 2020)

The roles and responsibilities of the Nomination and Remuneration Committee (NRC) are as under:

(i) Assist the Board in formulation and implementation of compensation policy and lay down the criteria for remuneration of directors, Key Management Personnel (KMPs) and Senior Management Personnel (SMPs) and other employees and take inputs from the Risk Management Committee of the Board to ensure balance between remuneration and risks as required. The committee shall ensure that the mix of cash, equity and other forms of compensation must be consistent with risk alignment and objectives of the Bank.

(ii) Lay down the comprehensive criteria for assessment in terms of qualifications, positive attributes, independence, professional experience, track record, integrity and considering other parameters for appointment of directors, KMPs and SMPs.

(iii) Develop policies and lay down criteria for appointment/removal/reappointment of the Directors of the Board capturing the statutory and regulatory requirements.

(iv) Assist in defining the performance evaluation criteria for Directors and other KMPs and ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

(v) Ensure that the compensation policy formulated for remuneration of Directors, KMPs and SMPs is reasonable and sufficient to attract, retain and motivate quality talent required to run the Bank.

(vi) Ensure Bank's compensation policy provides a fair and consistent basis for motivating and rewarding employees appropriately according to their performance, job profile, their contribution, skill and competence and also review compensation levels of the Bank's employees vis-à-vis other banks and the banking industry in general.

(vii) Ensure that the compensation for directors, KMPs, SMPs is a mix of fixed and variable pay and such compensation that reflects short and long-term performance objectives appropriate to the working and the goals of the Bank.

(viii) Ensure that appropriate procedures are in place to assess Board effectiveness and also provide the suggestions on governance to the Board of directors.

(ix) Review and oversee the Employee Benefits program of the Bank including deferred benefits and

(x) Assessing the integrity and suitability, financial position, cross check of any criminal records, civil actions undertaken, refusal of admission to or expulsion from professional bodies, sanctions applied by regulators or similar bodies and previous questionable business practice are considered for a candidate.

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b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

Objectives of Compensation Policy:

- Ensure compliance with applicable laws, rules and regulations as well as 'Fit and Proper criteria' of directors before their appointment
- Establish standards on compensation/ remuneration including fixed and variable, which are in alignment with the applicable rules and regulations and is based on the trends and practices of remuneration prevailing in the industry
- Retain, motivate and promote talent and to ensure long term sustainability of talented KMPs, SMPs and other employees
- Define internal guidelines for payment of perquisites to the Directors and KMPs.
- Institutionalize a mechanism for the appointment/ removal/ resignation/evaluation of performance of Directors
- Perform such functions as are required to be performed by the Nomination and Remuneration committee under the SEBI (Share Based Employee Benefits) Regulations, 2014, including the following:

(a) administering the ESOP plans;
(b) determining the eligibility of employees to participate under the ESOP plans;
(c) granting options to eligible employees and determining the date of grant;
(d) determining the number of options to be granted to an employee;
(e) determining the exercise price under the ESOP plans and
(f) Formulation of the criteria for determining qualifications, positive attributes and independence of a Directors and formulate the criteria for evaluation of performance of all the Directors on the Board, KMPs and SMPs.

The remuneration process is aligned to Bank's compensation policy.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:

The Key parameters taken into account for the structuring of remuneration covering fixed pay and variable pay are mentioned below:

(i) Risk factors that are significant to the Banking operations of the Bank are taken into consideration in devising the remuneration structure and it is symmetric to the risk outcomes.

(ii) Compensation payout is scheduled in manner where sensitivity to time horizon of risks is taken into consideration in the review process.

(iii) Individual performance is reviewed on the basis of Key Responsibility Areas (KRAs) and the same is carried out under the Annual Performance Review (APR) of the Bank.

(iv) Industry Benchmarking, inflation and increase of cost of living.

In addition, remuneration process includes a 'malus' and 'clawback' option to take care of any disciplinary issue or future drop in performance of individual/ business/ Bank.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

Individual performances are assessed in line with business/ individual delivery of the Key Result Areas (KRAs), top priorities of business, budgets etc. One of the key factor to be considered for annual performance evaluation is the goal sheet built in Human Capital Management Software.

In linking the performance and level of remuneration the job levels, business budgets, risk factors, achievement of individual KRAs are taken into consideration for taking decision in this regard.

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e) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:

Employees are classified into following three categories for the purpose of remuneration:

Category I: Whole Time Directors (WTD)/Chief Executive Officer (CEO)
Category II: Risk Control and Compliance Staff
Category III: Other Categories of Staff

Category I
The compensation for all Category I employees is approved by the Nomination and Remuneration committee and RBI and the variable pay shall not exceed 70% of the fixed pay.

Category II
The compensation shall be subject to several factors while assessing the remuneration structure of employees with judicious mix of fixed and variable pay in line with industry practices. Key Result Areas (KRAs) of the executives, risk factors, performance vis-a-vis targets will be given suitable weightage for deciding the variable pay and considering principles laid down under compensation policy.

Category III
The employees of the Bank are being appointed by the Human Resource Management team of the Bank. The remuneration structure of employees is designed with judicious mix of fixed and variable pay in line with industry practices.

For adjusting deferred remuneration before and after vesting:
The Bank's compensation policy provides for following in the event of negative contributions malus arrangement wherein Bank shall withhold vesting of amount of deferred remuneration and clawback arrangement wherein ED's shall be liable to return previously paid or vested remuneration to the Bank as per the applicable provisions/guidelines stipulated by RBI.

Malus: Payment of all or part of amount of deferred variable pay can be prevented, this shall be applicable in case of:
(i) Disciplinary Action (at the discretion of the Disciplinary Committee) and/ or
(ii) Significant drop in performance of Individual/ Business (at the discretion of the Nomination & Remuneration Committee).
(iii) Resignation of staff prior to the payment date

Clawback: Previously paid or already vested deferred variable pay may be recovered under this clause.
This clause will be applicable in case of Disciplinary Action (at the discretion of the Disciplinary Action Committee and approval of the Nomination & Remuneration Committee).

f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms:

The Bank remuneration structure is Mix of Fixed Pay, Variable Pay & Deferred compensation methodology, which is reflective of the commitment and philosophy of creating and sharing wealth with the employees.
The Variable pay is decided considering risk factors, job profile, level of performance and industry norms to ensure that employee morale is high and to promote consistency in performance over the time horizon.
The breakup of remuneration is the follows:

Fixed Remuneration: It consists of Basic Salary, House Rent Allowance, conveyance, other allowances and perquisites.

Variable Remuneration: Variable Remuneration is paid as a percentage of Fixed pay, depending upon the performance of the Employees against set key responsibility areas (KRAs).

Employee Stock Option: ESOPs are being given to the Executive Directors, KMPs, SMPs and other employees on the basis of their performance against set KRAs, responsibilities, and vintage with the organization.

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B. Quantitative Disclosures:

a) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.
During the year ended March 31, 2020, 5 meetings of Nomination and Remuneration committee was held. Each Member of the Nomination and Remuneration committee is paid a sitting fee of ₹ 30,000 per meeting attended.

During the year ended March 31, 2019, 6 meetings of Nomination and Remuneration committee was held. Each Member of the Nomination and Remuneration committee is paid a sitting fee of ₹ 20,000 per meeting attended.

b) Number of employees having received a variable remuneration award during the financial year.
3 KMP and 5 Senior Management Personnel as risk takers were paid the variable remuneration during the year ended March 31, 2020.
1 KMP and 5 Senior Management Personnel as risk takers were paid the variable remuneration during the year ended March 31, 2019.

c) Number and total amount of sign-on awards made during the financial year. – Nil (previous year Nil)

d) Details of guaranteed bonus, if any, paid as joining / sign on bonus. – Nil (previous year Nil)

e) Details of severance pay, in addition to accrued benefits, if any. – Nil (previous year Nil)

f) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.
Cash– ₹ 0.26 Crore variable pay is pertaining to performance of Mr. Uttam Tibrewal for FY 2017-18 and the same was pending to be released as on March 31, 2020 and ₹ 0.30 Crore variable pay is pertaining to performance of him for FY 2018-19 and the same is to be paid in FY 2020-21. (previous year Nil)
Outstanding ESOPs as at March 31, 2020 – 38,30,681 equity shares (previous year 27,56,429 equity shares)

g) Total amount of deferred remuneration paid out in the financial year.
Cash - ₹ 0.45 Crore variable pay is pertaining to performance of Mr. Sanjay Agarwal for FY 2017-18 and ₹ 0.91 Crore, 0.39 Crore and 0.45 Crore is variable pay pertaining to performance of Mr. Uttam Tibrewal for FY 2016-17, 2017-18 and 2018-19 respectively.

ESOPs - 1,34,900 Equity Shares exercised (Previous year 13,08,217 Equity Shares exercised)

h) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and nondeferred.
Total fixed salary for the year ended March 31, 2020 - ₹ 9.05 crore. (3 KMPs and 6 SMPs) (Previous year ₹ 7.26 crore - 3 KMPs and 5 SMPs)

Deferred Variable Pay

•ESOPs – 1,63,943 equity shares (Previous year 5,47,200 equity shares)

FY 2019-20

•Post RBI approval ₹ 0.29 Cr will be paid for FY 2018-19 to Mr. Uttam Tibrewal in FY 2020-21 and remaining were paid in FY 2019-20.
•10,00,000 ESOPs under ESOP Scheme 2018 for FY 18-19 were granted to Mr. Uttam Tibrewal after RBI Approval dated June 17, 2019.
•Earlier for F.Y. 17-18, 38,702 ESOPs under ESOP Scheme 2015 - Plan A & 10,18,758 ESOPs under ESOP Scheme 2015 - Plan B were granted and revised proposal has been submitted to RBI and the approval of the RBI is pending as at year end FY 2019-20.

FY 2018-19

•Variable Pay for Mr. Sanjay Agarwal, MD & CEO of ₹ 0.45 Crore for the year FY 2017-18 was approved by Nomination & remuneration committee & Board which is pending with RBI for its approval and no variable pay is proposed for performance of FY 2018-19.

•Variable Pay for Mr. Uttam Tibrewal, WTD of ₹ 0.91 Crore, ₹ 0.65 Crore & ₹ 0.75 Crore for the year FY 2016-17, FY 2017-18 and FY 2018-19 was approved by Nomination & remuneration committee & Board, the approval of the same from RBI is awaited.

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Non Deferred variable pay

Remuneration award of ₹ 3.75 crore paid during FY 2019- 2020 was related to FY 2018-19 and remuneration for the FY 2019-20 (Previous Year ₹1.50 crore was related to FY 2017-18).

i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments – Nil

j) Total amount of reductions during the financial year due to ex- post explicit adjustments. – Nil (previous year Nil)

k) Total amount of reductions during the financial year due to ex- post implicit adjustments. – Nil (previous year Nil)

Excludes gratuity benefits since the same is computed at Bank level.

22 Credit default swaps

The Bank has not transacted in credit default swaps during the period ended March 31, 2020, (previous year: Nil).

23 Intra-Group exposure

The Bank does not have any exposure (advances/investments) within the group, (previous year: Nil).

24 Transfers to Depositor Education and Awareness Fund (DEAF)

During the year ended March 31, 2020 and March 31, 2019 the Bank was not required to transfer any amount to Depositor Education and Awareness Fund.

25 Unhedged foreign currency exposure

As of March 31, 2020, there is no unhedged foreign currency exposure, (previous year: Nil).

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

26 Disclosures relating to Securitisation

(i) Information of assignment/securitisation activity as an originator:

(₹ in Crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Total number of loan assets assigned/securitized (in Nos.)	1,02,268	-
Total book value of loan assets assigned/securitized	4,007.02	-
Sale consideration received for loan assets assigned/securitized	4,007.02	-
Income recognised in Profit and Loss Account (including income on MRR)	163.71	148.82

(ii) Information with respect to outstanding credit enhancements and liquidity support:

(₹ in Crore)

Particulars	Transactions at PAR		Transactions at PREMIUM	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Outstanding credit enhancements (first loss):				
Cash collaterals (placed as bank deposits)	69.11	99.75	0.23	0.23
Guarantees provided by banks on behalf of the Bank	113.28	-	5.81	5.81
Outstanding credit enhancements (second loss):				
Guarantees provided by banks on behalf of the Bank	234.87	138.27	-	-
Cash collaterals (placed as bank deposits)	70.95	-	-	-
Liquidity facility (utilised)	32.42	24.43	-	-
Liquidity facility (unutilised)	19.30	1.40	-	-

(iii) Disclosure as per RBI guidelines for securitisation transactions:

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
No. of SPVs sponsored by the Bank for securitisation transactions (in Nos.)	20	26
Total amount of securitised assets as per books of the SPVs sponsored by the Bank (outstanding as on balance sheet date)	3,300.46	876.74
Total amount of exposures retained by the Bank to comply with minimum retention requirement (MRR) as		
a) Off balance sheet exposures		
First Loss		
Others	113.28	-
b) On balance sheet exposures	-	-
First Loss		
Others	69.11	99.75
Amount of exposures to securitisation transaction other than MRR	211.59	59.35
a) Off balance sheet exposures		
I) Exposure to own securitisations		
First Loss		
Others (Guarantees provided by banks on behalf of the Bank)	-	-
II) Exposure to Third party securitisations	234.87	138.27
First Loss		
Others	-	-
b) On balance sheet exposures	-	-
I) Exposure to own securitisations		
First Loss		
Others (Cash collateral placed in lieu of bank guarantee)	-	-
II) Exposure to Third party securitisations	70.95	-
First Loss		
Others	-	-
	-	-

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

27 Liquidity Coverage ration (LCR)

i) Quantitative disclosure on Liquidity Coverage Ratio (LCR) for period ended March 31, 2020:

(₹ in Crore)

	Particular	Quarter ended March 31, 2020		Quarter ended December 31, 2019		Quarter ended September 30, 2019		Quarter ended June 30, 2019	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		6,419.21		5,017.92		4,815.21		4,600.14
Cash Outflows									
2	Retail deposits and deposits from small business customers, of								
(i)	Stable deposits	1,564.46	78.22	977.23	48.86	902.37	45.12	837.58	41.88
(ii)	Less stable deposits	7,125.41	712.54	7,064.55	706.46	6,253.29	625.33	5,434.03	543.40
3	Unsecured wholesale funding, of which:								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non operational deposits (all counterparties)	7,294.59	5,686.14	6,131.52	4,673.21	5,566.21	4,294.85	5,759.21	4,493.62
(iii)	Unsecured debt	486.80	486.80	341.42	341.42	543.11	543.11	274.28	274.28
4	Secured wholesale funding		36.52		-		-		25.27
5	Additional requirements, of which :								
(i)	Outflows related to derivative exposures and other collateral								
(ii)	Outflows related to loss of funding on debt products								
(iii)	Credit and liquidity facilities								
6	Other contractual funding obligations	760.21	760.21	627.02	627.02	622.97	622.97	517.51	517.51
7	Other contingent funding obligations	4,211.58	187.29	3,539.03	159.96	3,010.26	135.41	2,535.97	118.42
8	**Total Cash Outflows**		**7,947.72**		**6,556.93**		**6,266.79**		**6,014.38**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	540.62	-	115.46	-	87.00	-	31.80	-
10	Inflows from fully performing exposures	1,665.16	1,412.20	1,320.56	1,080.01	1,178.27	962.38	1,386.89	1,180.28
11	Other cash inflows	412.51	206.26	389.10	194.55	349.72	174.86	323.15	161.58
12	**Total Cash Inflows**		**1,618.46**		**1,274.56**		**1,137.24**		**1,341.86**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	Total HQLA		6,418.93		5,017.92		4,815.21		4,600.14
14	**Total Net Cash Outflows**		6,329.26		5,282.37		5,129.55		4,672.53
15	**Liquidity Coverage Ratio (%)**		**101%**		**95%**		**94%**		**98%**

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i) Quantitative disclosure on Liquidity Coverage Ratio (LCR) for period ended March 31, 2019:

(₹ in Crore)

	Particular	Quarter ended March 31, 2019		Quarter ended December 31, 2018		Quarter ended September 30, 2018		Quarter ended June 30, 2018	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		3,811.74		3,034.42		2,205.42		1,671.12
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:								
(i)	Stable deposits	760.21	38.01	657.44	32.87	561.97	28.10	456.19	22.81
(ii)	Less stable deposits	4,380.32	438.03	3,388.19	338.82	2,623.55	262.35	1,987.79	198.78
3	Unsecured wholesale funding, of which:								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non operational deposits (all counterparties)	5,137.36	3,886.14	4,535.92	3,307.09	3,310.51	2,270.90	2,512.27	1,782.26
(iii)	Unsecured debt	497.05	497.05	214.91	214.91	403.41	403.41	324.33	324.33
4	Secured wholesale funding		16.67		-		19.57		3.30
5	Additional requirements, of which :								
(i)	Outflows related to derivative exposures and other collateral								
(ii)	Outflows related to loss of funding on debt products								
(iii)	Credit and liquidity facilities								
6	Other contractual funding obligations	423.77	423.77	276.73	276.73	303.81	303.81	270.04	270.04
7	Other contingent funding obligations	2,145.08	100.23	1,822.23	83.48	1,460.15	66.02	1,316.84	58.87
8	**Total Cash Outflows**		5,399.90		4,253.90		3,354.16		2,660.39
Cash Inflows									
9	Secured lending (e.g. reverse repos)	45.13	-	65.03	-	43.36	-	26.56	-
10	Inflows from fully performing exposures	1,518.77	1,340.21	1,465.87	1,303.73	1,405.35	1,260.68	1,167.06	1,029.46
11	Other cash inflows	272.42	136.21	266.62	133.31	223.98	111.99	207.56	103.78
12	**Total Cash Inflows**		**1,476.42**		**1,437.04**		**1,372.67**		**1,133.24**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	**Total HQLA**		**3,811.74**		**3,034.42**		**2,205.42**		**1,671.12**
14	**Total Net Cash Outflows**		**3,923.48**		**2,816.86**		**1,981.49**		**1,527.15**
15	**Liquidity Coverage Ratio (%)**		**97%**		**108%**		**111%**		**109%**

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ii) Qualitative disclosure on Liquidity Coverage Ratio (LCR):

To assess Bank's resilience in liquidity stress scenario of 30 days with its high-quality liquid assets, Banks need to compute Liquidity Coverage Ratio (LCR) as per RBI - Basel III Framework on Liquidity Standards. High Ratio signifies Bank has enough liquid assets which it can use to fulfil its liquidity obligations in acute stress scenario. Ratio to compute as below :

$$LCR = \frac{\text{Stock of High Quality Liquid Assets (HQLA)}}{\text{Net Cash Outflows over a 30 days period}}$$

Stock of High Quality Liquid Asset is total funding liquid assets could generate in stress scenario. Net Cash outflows is the difference as derived by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in.

Minimum Requirement for Small Finance Banks (as per operating guidelines for Small Finance Banks RBI/2016-17/81 DBR.NBD.No.26/16.13.218/2016-17 dated Oct 06, 2016 & RBI circular RBI/2019-20/217 DOR.BP.BC.No.65/21.04.098/2019-20 dated Apr 17,2020) is as below:

Till December 31, 2017	From January 1, 2018	From January 1, 2019	From January 1, 2020	From April 17, 2020	From October 1, 2020	From April 1, 2021
60%	70%	80%	90%	80%	90%	100%

The Bank has implemented LCR framework and has consistently maintained the LCR percentage well above the regulatory threshold limit. The average LCR for the quarter ended March 31, 2020 was 101% which is above the regulatory limit of 90%. For the quarter ended March 31, 2020 HQLA stood at ₹ 6,419 Crores.

Asset Liability Committee (ALCO) of the Bank is the primary governing body for Liquidity Risk Management, Treasury is entrusted with the responsibility, under the guidance of the ALCO operationalizing liquidity management within the Bank. ALM Risk unit independently measures, monitors & report Liquidity Risk as per regulatory & internal guidelines.

In computing the above information, certain estimates and assumptions have been made by the Bank's Management which have been relied upon by the auditors.

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28 Divergence in the asset classification and provisioning

RBI vide its circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and Notification dated 1st April 2019, has directed banks shall make suitable disclosures, if either or both of the following conditions are satisfied:-
(a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period, and
(b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.
The Bank has not been subjected to any assessment by the RBI during the year.

There has been no material divergence observed by the RBI for the financial year 2017-18 (as per assessment by the RBI during financial year 2018-19) in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) which require such disclosures.

29 Details of Priority Sector Lending Certificates (PSLCs)

(₹ in Crore)

Type of PSLCs	For the year ended March 31, 2020		For the year ended March 31, 2019	
	PSLC bought during the year	PSLC sold during the year	PSLC bought during the year	PSLC sold during the year
Agriculture	-	960.00	1,750.00	275.00
Small and Marginal farmers	-	1,150.00	1,105.00	600.00
Micro Enterprises	-	12,139.75	-	2,409.75
General	-	1,255.00	4,615.00	2,047.00
Total	-	15,504.75	7,470.00	5,331.75

30 Provision pertaining to fraud accounts

(₹ in Crore)

Particular	March 31, 2020	March 31, 2019
No. of frauds reported during the year	95	33
Amount involved in fraud	1.09	0.64
Amount involved in fraud net of recoveries / write-offs as at the end of the year	0.80	0.28
Provisions held as at the end of the year	0.80	0.28
Amount of unamortised provision debited from "other reserves" as at the end of the year	-	-

31 Provision for credit card and debit card reward points

The Bank is not providing any reward points on cards.

32 Description of contingent liabilities

Sr. No	Contingent liability*	Brief description
1	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal and tax proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
2	Guarantees on behalf of constituents	As a part of its Banking activities, the Bank issues guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of customer failing to fulfill its financial or performance obligations
3	Acceptances, endorsements and other obligations	These includes: Documentary credit such as letters of obligations, enhance the credit standing of the customers of the Bank. Bill rediscounted by the Bank and cash collateral provided by the Bank on assets which have been securitised.
4	Other items for which the Bank is contingently liable	These Includes: a) Credit enhancements in respect of securitised-out loans b) Contractual payments for Capital commitments c) Other Guarantees

**Also refer Schedule 12 - Contingent Liabilities*

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33 Corporate social responsibility

(₹ In Crore)

Particular	March 31, 2020	March 31, 2019
(a) Gross amount required to be spent by the Bank during the year (including deficit of previous year)	16.38	11.10
(b) Amount spent during the year		
On purposes other than construction/acquisition of any asset		
Paid in Cash	12.65	4.59
Yet to be Paid in Cash	-	-
Total	12.65	4.59

34 Small and micro industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

35 Proposed dividend

The Reserve Bank of India, vide its circular dated April 17, 2020, has decided that banks shall not make any further dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank, at their meeting held on May 2, 2020, has not proposed any dividend for the year ended March 31, 2020.

During the Previous year, the Board of Directors at their meeting proposed a dividend of ₹ 0.75 per share and the same has been approved by members in Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not appropriated proposed dividend (including tax) aggregating ₹ 26.43 crore from Profit and Loss Account. However, the effect of the proposed dividend has been reckoned in determining Capital funds in the computation of capital adequacy ratio as at March 31, 2019.

36 Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A) :

The Bank does not have any account under the Scheme for Sustainable Structuring of Stressed Assets (S4A) as on March 31, 2020, (previous year: Nil).

37 Disclosures on Flexible Structuring of Existing Loans :

The Bank does not have any account under the Scheme Flexible Structuring of Existing Loans as on March 31, 2020, (previous year: Nil).

38 Resolution of Stressed Assets – Revised Framework

The Bank is having one loan account for resolution of stressed Assets (Revised framework) amounting to ₹ 41.67 crore as per RBI Circular RBI/2017-18/131DBR.No.BP.BC.101/21.04.048/2017-18 and RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 as on March 31, 2020 where resolution plan has been submitted by one of the lead Banker on March 30, 2020. (previous year: Nil).

39 Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

The Bank has not restructured any account as per RBI Circular RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11,2020, DBR.No.BP.BC.100/21.04.048/2017-18 dated February 07, 2018 and DBR.No.BP.BC.108/21.04.048/2017-18 dated June 6, 2018 as on March 31, 2020, (previous year: Nil).

40 Disclosures on Strategic Debt Restructuring Scheme (SDR):

The Bank does not have any accounts under SDR as on March 31, 2020, (previous year: Nil).

41 Disclosures on Change in Ownership outside SDR Scheme:

The Bank does not have any account which are currently under the scheme of Change in Ownership Outside SDR as on March 31, 2020, (previous year: Nil).

42 Disclosures on Change in Ownership of Projects Under Implementation:

The Bank does not have any account which are currently under the scheme of Change in Ownership of Projects Under Implementation as on March 31, 2020, (previous year: Nil).

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43 **Details of factoring exposure:**

The factoring exposure of the Bank as at March 31, 2020 is Nil (previous year: Nil)

44 **Inter-bank Participation with risk sharing:**

During the year the Bank has not entered into inter-bank participation with risk sharing, (previous year: Nil)

45 **Investor education and protection fund**

There is no amount required to be transferred to Investor Education and Protection Fund by the Bank, (previous year: Nil)

46 **Disclosure on remuneration to Non-Executive Directors**

(₹ in Crore)

Particular	March 31, 2020	March 31, 2019
Remuneration by way of sitting fees to the Non-Executive Directors for attending meetings of the Board and its committees	0.64	0.36
Profit related commission to all Non-Executive Directors other than the Chairperson	0.47	0.33

47 Miscellaneous income includes profit on sale of units of mutual fund, recoveries from loans written off, income from dealing in Priority Sector Lending Certificates (PSLC), marketing support fees etc.

48 **Details of payments of Audit Fees**

(₹ in Crore)

Particular	March 31, 2020	March 31, 2019
Statutory Audit fees and other related services*	1.72	1.00
Other Matters	-	-
Total	**1.72**	**1.00**

**Includes out of pocket expenses*

49 **COVID-19 Regulatory Package - Asset Classification and Provisioning**

Disclosure as per RBI Circular RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 on COVID-19 Regulatory Package - Asset Classification and Provisioning -

(₹ in Crore)

S.No.	Particular	Amount
1	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3 of the Circular #	2,469.83
2	Respective amount where asset classification benefits is extended*	36.26
3	Provisions made during the Q4FY2020 in terms of paragraph 5 of the Circular	123.49
4	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of the Circular	-

 # excludes amounts in SMA/overdue categories, where the moratorium/deferment was extended on securitised portfolio amounting to ₹ 297.79 crores and provision made of ₹ 14.89 crores there on.

** includes only those cases which could have got assets classification benefit as on March 31, 2020.*

B. OTHER DISCLOSURES

1 **Fixed Assets as per Schedule 10 relating to purchase of software and system development expenditure which are as follows :**

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Gross Block		
At cost on 31st March of the preceding year	124.79	107.18
Additions during the year	19.20	17.80
Deductions during the year	2.44	0.19
Total (a)	**141.55**	**124.79**
Depreciation / Amortisation		
As at 31st March of the preceding year	33.86	17.29
Charge for the year	20.49	16.76
Deductions during the year	1.71	0.19
Total (b)	**52.64**	**33.86**
Net Value (a-b)	**88.91**	**90.93**

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

2 Segment reporting

Part A: Business segments:

Segment reporting for the year ended March 31, 2020 and March 31, 2019 is given below:

(₹ in Crore)

S. No.		Particulars	March 31, 2020	March 31, 2019
1		**Segment revenue**		
	(a)	Treasury	819.95	403.29
	(b)	Retail banking	3,616.37	2,550.46
	(c)	Wholesale banking	524.61	430.72
	(d)	Other banking operations	31.05	26.57
	(e)	Unallocated	-	-
		Income from operations	**4,991.98**	**3,411.04**
2		**Segment results**		
	(a)	Treasury	163.76	11.39
	(b)	Retail banking	563.15	410.34
	(c)	Wholesale banking	156.02	131.82
	(d)	Other banking operations	31.04	26.58
		Total Segment results	**913.97**	**580.13**
		Less: Unallocated expenses	-	-
		Total Profit Before Tax	**913.97**	**580.13**
		Provision for Tax (Including deferred tax)	239.19	198.32
		Total Profit After Tax	**674.78**	**381.81**
3		**Segment Assets**		
	(a)	Treasury	13,040.65	8,384.82
	(b)	Retail banking	24,564.95	19,167.40
	(c)	Wholesale banking	3,751.73	4,341.87
	(d)	Other banking operations	2.72	4.40
	(e)	Unallocated	783.02	724.31
		Total Assets	**42,143.07**	**32,622.80**
4		**Segment Liabilities**		
	(a)	Treasury	5,151.12	4,471.73
	(b)	Retail banking	15,755.57	11,807.77
	(c)	Wholesale banking	16,839.33	13,156.64
	(d)	Other banking operations	0.00	0.00
	(e)	Unallocated	20.24	23.77
		Capital and Other Reserves	4,376.81	3,162.89
		Total Liabilities	**42,143.07**	**32,622.80**

Part B: Geographic segments

The business of the Bank is in India only. Accordingly, geographical segment is not applicable.

Segmental information is provided as per the MIS/reports available for internal reporting purposes, which includes certain estimates and assumptions. The methodology adopted in compiling and reporting the above information has been relied upon by the auditors.

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3 **Related Party Disclosures:**

A. Related Parties :

Key management personnel (KMP)	Mr. Sanjay Agarwal, Managing Director and CEO Mr. Uttam Tibrewal, Whole Time Director Mr. Deepak Jain, Chief Financial Officer (upto March 31, 2020), Elavated as Chief Operating Officer w.e.f. Apr 1, 2020 Mr. Vimal Jain, Chief Financial Officer (w.e.f. Apr 1, 2020) Mr. Manmohan Parnami, Company Secretary
Enterprises over which KMP / relatives of KMP have control / significant influence	Abhiyan Bharat Foundation AU Bank Employees Group Gratuity Trust Au Financiers Employees Welfare Trust AU Foundation (w.e.f. July 19, 2018) BIFCO Private Limited Deepak Tarachand HUF DS Speciality Product LLP Durga Automation & Control Private Limited (w.e.f. March 12, 2019) Durga Bearings (Mumbai) Private Limited Jyoti Sanjay Family Trust Kalinga Agencies Kalinga Mercantile Private Limited Kalinga Extrusions India Private Limited Khushi Buildhome Private Limited Manmohan Parnami HUF MYS Holdings Private Limited Namokar Mining Industries LLP Sanjay And Jyoti Agarwal Foundation Shivgyan Mines and Minerals Private Limited Shree Dham Mining Industries LLP Speciality Stones Private Limited
Relatives of KMP	Ms. Jyoti Agarwal Mr. Chirinjee Lal Agarwal Ms. Shakuntala Agarwal Mr. Yuvraj Agarwal Ms. Mallika Agarwal Mr. Ajay Agarwal Ms. Pinki Agarwal Ms. Pooja Tibrewal Mr. Devi Prasad Tibrewal Ms. Geeta Devi Tibrewal Mr. Vaibhav Tibrewal Mr. Subhash Tibrewal Ms. Manju Agarwal Ms. Uma Bagaria Ms. Suman Sultania Ms. Shweta Jain Ms. Santosh Jain Mr. Devansh Jain Ms. Khushi Jain Ms. Kavita Goyal Ms. Sunita Agrawal Ms Anita Agarwal Ms.Bhawna Parnami Ms. Rajkumari Sukhija Ms. Asmita Parnami Ms. Jaisvi Parnami Mr. Mahinder Parnami Ms. Kavita Sukhija Ms. Shikha Taneja

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B. The Bank's related parties balances and transactions for the year ended are summarised as follows:

1. Deposits

(₹ in Crore)

Particular	As at March 31, 2020		As at March 31, 2019	
	Closing balance	Highest balance during the year	Closing balance	Highest balance during the year
Key Management Personnel (KMP)	6.62	24.66	3.26	35.55
Relatives of KMP	26.62	46.38	11.06	25.97
Enterprise over which KMP/Relative of KMP have control / significant influence	2.52	22.89	0.38	7.48

2. Interest Paid on Deposits

(₹ in Crore)

Particular	Year ended March 31, 2020	Year ended March 31, 2019
Key Management Personnel (KMP)	0.40	0.27
Relatives of KMP	1.19	0.63
Enterprise over which KMP/Relative of KMP have control / significant influence	0.02	0.00

Income including miscellaneous charges received from all the related parties are less than ₹ 100,000/- hence not shown separately.

3. Remuneration

(₹ in Crore)

Particular	Year ended March 31, 2020	Year ended March 31, 2019
Mr. Sanjay Agarwal, Managing Director and CEO	2.31	1.69
Mr. Uttam Tibrewal, Executive Director	3.43	1.47
Mr. Deepak Jain, Chief Financial Officer	1.65	1.61
Mr. Manmohan Parnami, Company Secretary	0.48	0.47
Total	7.87	5.24

1. Remuneration paid excludes value of employee stock options exercised during the year.

2. The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Bank as a whole.

4. Loans given and repayment

There is no loan related transaction with the related parties during the year (previous year : Nil).

5. Other transaction

(₹ in Crore)

Name of related party	Nature of transactions	Year ended March 31, 2020	Year ended March 31, 2019
Mr. Uttam Tibrewal	Issue of Equity Shares of the Bank	-	2.57
Mr. Deepak Jain	Issue of Equity Shares of the Bank	6.64	0.15
Mr. Manmohan Parnami	Issue of Equity Shares of the Bank	0.02	0.02
Key Management Personnel (KMP)	Dividend Paid	4.61	2.95
Relatives of KMP	Dividend Paid	2.32	1.55
Enterprises over which KMP/ relatives of KMP have control/ significant influence	Dividend Paid	0.73	0.52
AU Bank Employees Group Gratuity Trust	Contribution to Fund	3.30	11.75
AU Foundation	Donation	4.05	0.77

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

4 Leases

The Bank has taken various premises under operating lease. The future minimum lease payments are given below:

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Not later than one year	70.73	53.36
Later than one year and not later than five years	263.90	215.29
Later than five years	89.78	97.66
Total	**424.41**	**366.31**
The total of minimum lease payments recognized in the Profit and Loss Account for the year	67.59	60.01
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	-	-
Sub-lease amounts recognized in the Profit and Loss Account for the year	-	-
Contingent (usage based) lease payments recognized in the Profit and Loss Account for the year	-	-

5 Earnings per equity share (AS 20)

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Profit/ (loss) after tax **(A)**	674.78	381.81
Less: Exceptional item	-	-
Net profit excluding exceptional item **(B)**	674.78	381.81
Weighted average number of equity shares in calculating basic EPS **(C)**	29,61,61,899	29,01,57,123
Add: Effect of dilution - Stock option granted to employees	61,75,606	57,92,321
Weighted average number of equity shares in calculating diluted EPS **(D)**	30,23,37,505	29,59,49,444
Earning per share including exceptional item		
Basic (In ₹) **(A / C)**	22.78	13.16
Diluted (In ₹) **(A / D)**	22.32	12.90
Nominal value per share (In ₹)	10.00	10.00
Earning per share excluding exceptional item		
Basic (In ₹) **(B / C)**	22.78	13.16
Diluted (In ₹) **(B / D)**	22.32	12.90
Nominal value per share (In ₹)	10.00	10.00

The dilutive impact is due to options granted to employees and convertible warrants issued by the Bank.

6 Deferred taxes

Other assets include deferred tax asset (net). The break-up of the same is as follows:

(₹ in Crore)

Particulars of Asset/ (Liability)	March 31, 2020	March 31, 2019
Provision for NPA and general provision on standard assets	69.86	39.53
Expenditure allowed on payment basis	8.60	5.33
Depreciation	(10.79)	(17.68)
Deduction u/s. 36(1)(viii) of the Income Tax Act, 1961	(31.54)	(20.37)
Others	4.54	4.14
Net Deferred Tax Asset	**40.67**	**10.95**

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

7 Accounting for employee share based payments

Stock options

The Bank has provided various share-based payment schemes to its Directors and Employees. The plans in operation are Plan A, Plan B, Plan C and Plan D. The numerical A1, A2, A3, B1, B2, B3, B4, B5, B6, C1, C2, C3, C4, C5, C6, C7, C8, C9, D1, D2, D3, D4, D5, D6, D7 and D8 represents different grants made under these plans. During the year ended March 31, 2020, the following series were in operation:

Particulars	Plan A1	Plan A2	Plan A3	Plan B1	Plan B2	Plan B3	Plan B4	Plan B5	Plan B6	Plan C1	Plan C2	Plan C3	Plan C4
Date of grant	Aug 31, 2015	Aug 23, 2016	Oct 27, 2017	Aug 31, 2015	Aug 23, 2016	Nov 11, 2016	Jan 24, 2017	Oct 27, 2017	Aug 6, 2018	Nov 11, 2016	Jan 24, 2017	Feb 22, 2017	May 13, 2017
Date of Board / Compensation Committee approval	Aug 10, 2015	Aug 23, 2016	Oct 27, 2017	Aug 10, 2015	Aug 23, 2016	Nov 11, 2016	Jan 24, 2017	Oct 27, 2017	Aug 6, 2018	Nov 11, 2016	Jan 24, 2017	Feb 22, 2017	May 13, 2017
Number of Options granted	33,38,436	4,18,512	3,61,000	28,62,846	10,92,654	36,000	30,000	42,510	1,146	11,700	1,85,900	70,700	4,99,800
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Graded vesting period:													
1st vesting "12 months from the date of grant or on the date of proposed initial public offer of Bank's equity shares whichever is later"	20%	20%	20%	20%	20%	20%	20%	20%	20%	NA	NA	NA	NA
1st vesting "12 months from the date of grant or one year from the date of proposed initial public offer of Bank's equity shares which ever is later"	NA	NA	NA	NA	NA	NA	NA	NA	NA	20%	20%	20%	20%
1st vesting "12 months from the date of grant	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2nd vesting "On expiry of one year from the 1st vesting date'	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
3rd vesting "On expiry of two years from the 1st vesting date"	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
4th vesting "On expiry of 3 years from the 1st vesting date"	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Exercise period	4 years from the 1st vesting date									6 years from the 1st vesting date			
Vesting conditions	Continuous service									Continuous service			
Weighted average remaining contractual life (years)	1.28	1.40	2.58	1.28	1.40	1.62	1.82	2.58	3.35	4.28	4.28	4.28	4.28
Weighted average exercise price per option (₹)	10.11	10.11	10.11	33.37	33.37	33.37	33.37	33.37	33.37	140.00	140.00	140.00	140.00

Particulars	Plan C5	Plan C6	Plan C7	Plan C8	Plan C9	Plan D1	Plan D2	Plan D3	Plan D4	Plan D5	Plan D6	Plan D7	Plan D8
Date of grant	Jan 30, 2018	Apr 25, 2018	Aug 6, 2018	Aug 30, 2018	Oct 13, 2018	Aug 30, 2018	Nov 22, 2018	Jan 17, 2019	Apr 22, 2019	Jun 17, 2019	Jul 25, 2019	Oct 21, 2019	Jan 22, 2020
Date of Board / Compensation Committee approval	Jan 30, 2018	Apr 25, 2018	Aug 6, 2018	Aug 30, 2018	Oct 13, 2018	Aug 30, 2018	Nov 22, 2018	Jan 17, 2019	Apr 22, 2019	Jun 17, 2019	Jul 25, 2019	Oct 21, 2019	Jan 22, 2020
Number of Options granted	10,53,901	2,919	5,480	27,600	50,865	18,56,950	1,54,541	2,437	2,500	10,00,000	16,05,415	40,276	54,000
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Graded vesting period:													
1st vesting "12 months from the date of grant or on the date of proposed	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1st vesting "12 months from the date of grant or one year from the date	20%	20%	20%	20%	20%	NA	NA	NA	NA	NA	NA	NA	NA
1st vesting "12 months from the date of grant	NA	NA	NA	NA	NA	20%	20%	20%	20%	20%	20%	20%	20%
2nd vesting "On expiry of one year from the 1st vesting date"	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
3rd vesting "On expiry of two years from the 1st vesting date"	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
4th vesting "On expiry of 3 years from the 1st vesting date"	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Exercise period	6 years from the 1st vesting date												
Vesting conditions	Continuous service												
Weighted average remaining contractual life (years)	4.84	5.07	5.35	5.42	5.54	5.42	5.65	5.80	6.06	6.22	6.32	6.56	6.82
Weighted average exercise price per option (₹)	140.00	140.00	140.00	140.00	140.00	664.00	643.00	622.00	589.00	664.00	630.00	668.00	724.00

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

Particulars	March 31, 2020												
	Plan A1	Plan A2	Plan A3	Plan B1	Plan B2	Plan B3	Plan B4	Plan B5	Plan B6	Plan C1	Plan C2	Plan C3	Plan C4
Options outstanding at the beginning of the year	14,95,591	2,09,256	3,10,400	13,90,652	4,49,495	18,000	24,000	40,008	1,146	5,040	1,06,160	36,160	64,400
Granted during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercised during the year	(5,29,440)	-	(68,400)	(2,97,407)	(3,52,031)	-	-	(3,753)	-	(1,080)	(25,490)	(9,420)	(20,730)
Expired during the year	(5,979)	-	-	(3,316)	(5,298)	(18,000)	-	-	-	(2,160)	(16,140)	(13,140)	(11,460)
Outstanding at the end of the year	9,60,172	2,09,256	2,42,000	10,89,929	92,166	-	24,000	36,255	1,146	1,800	64,530	13,600	32,210
Exercisable at the end of the year	9,60,172	2,09,256	61,500	10,89,929	92,166	-	24,000	15,000	229	-	11,780	-	810

Particulars	March 31, 2020												
	Plan C5	Plan C6	Plan C7	Plan C8	Plan C9	Plan D1	Plan D2	Plan D3	Plan D4	Plan D5	Plan D6	Plan D7	Plan D8
Options outstanding at the beginning of the year	8,09,336	1,419	3,980	27,600	50,865	18,17,392	1,47,119	2,437	-	-	-	-	-
Granted during the year	-	-	-	-	-	-	-	-	2,500	10,00,000	16,05,415	40,276	54,000
Forfeited during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercised during the year	(1,19,104)	(284)	(796)	(640)	-	(2,23,737)	(9,165)	-	-	-	-	-	-
Expired during the year	(47,179)	-	-	-	(40,000)	(57,824)	(24,608)	-	-	-	(66,549)	(4,000)	-
Outstanding at the end of the year	6,43,053	1,135	3,184	26,960	10,865	15,35,831	1,13,346	2,437	2,500	10,00,000	15,38,866	36,276	54,000
Exercisable at the end of the year	1,24,174	-	-	4,880	2,173	1,28,321	15,299	487	-	-	-	-	-

Particulars	March 31, 2019								
	Plan A1	Plan A2	Plan A3	Plan B1	Plan B2	Plan B3	Plan B4	Plan B5	Plan B6
Options outstanding at the beginning of the year	24,12,210	3,34,810	3,61,000	22,39,418	7,21,813	28,800	24,000	42,510	-
Granted during the year	-	-	-	-	-	-	-	-	1,146
Forfeited during the year	-	-	-	-	-	-	-	-	-
Exercised during the year	(8,86,587)	(1,25,554)	(50,600)	(8,27,946)	(2,49,466)	(10,800)	-	(2,502)	-
Expired during the year	(30,032)	-	-	(20,820)	(22,852)	-	-	-	-
Outstanding at the end of the year	14,95,591	2,09,256	3,10,400	13,90,652	4,49,495	18,000	24,000	40,008	1,146
Exercisable at the end of the year	12,265	-	21,600	6,649	15,581	-	9,000	6,000	-

Particulars	March 31, 2019											
	Plan C1	Plan C2	Plan C3	Plan C4	Plan C5	Plan C6	Plan C7	Plan C8	Plan C9	Plan D1	Plan D2	Plan D3
Options outstanding at the beginning of the year	9,000	1,70,000	66,200	1,04,200	10,37,921	-	-	-	-	-	-	-
Granted during the year	-	-	-	-	-	2,919	5,480	27,600	50,865	18,56,950	1,54,541	2,437
Forfeited during the year	-	-	-	-	-	-	-	-	-	-	-	-
Exercised during the year	(1,800)	(27,360)	(11,380)	(18,440)	(1,10,990)	-	-	-	-	-	-	-
Expired during the year	(2,160)	(36,480)	(18,660)	(21,360)	(1,17,595)	(1,500)	(1,500)	-	-	(39,558)	(7,422)	-
Outstanding at the end of the year	5,040	1,06,160	36,160	64,400	8,09,336	1,419	3,980	27,600	50,865	18,17,392	1,47,119	2,437
Exercisable at the end of the year	-	4,000	-	1,200	72,942	-	-	-	-	-	-	-

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

Details of stock options granted during the year:

Plan A, B, C and D: The weighted average fair value of stock options granted during the year was ₹ 292.88 (Plan D4), ₹ 316.69 (plan D5), ₹ 312.65 (plan D6), ₹ 466.35 (plan D7) and ₹ 362.89 (plan D8).

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Plan D4				Plan D5				Plan D6			
	Tranche vesting in FY 2020-21	Tranche vesting in FY 2021-22	Tranche vesting in FY 2022-23	Tranche vesting in FY 2023-24	Tranche vesting in FY - 2020-21	Tranche vesting in FY 2021-22	Tranche vesting in FY 2022-23	Tranche vesting in FY 2023-24	Tranche vesting in FY 2020-21	Tranche vesting in FY 2021-22	Tranche vesting in FY 2022-23	Tranche vesting in FY 2023-24
Share price on the date of grant (₹)	616.90	616.90	616.90	616.90	705.85	705.85	705.85	705.85	632.90	632.90	632.90	632.90
Exercise price (₹)	589.00	589.00	589.00	589.00	664.00	664.00	664.00	664.00	630.00	630.00	630.00	630.00
Expected volatility (%)	37.65%	37.65%	37.65%	37.65%	37.65%	37.65%	37.65%	37.65%	46.20%	46.20%	46.20%	45.20%
Life of the options granted (years)	4.00	4.50	5.00	5.50	4.00	4.50	5.00	5.50	4.00	4.50	5.00	5.50
Risk-free interest rate (%)	7.23%	7.23%	7.23%	7.23%	6.75%	6.75%	6.75%	6.75%	6.48%	6.48%	6.48%	6.48%
Expected dividend rate (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Fair value of the option (₹)	255.97	272.82	287.37	303.03	288.54	305.17	323.12	336.72	283.41	301.42	318.72	333.57

Particulars	Plan D7				Plan D8			
	Tranche vesting in FY 2020-21	Tranche vesting in FY 2021-22	Tranche vesting in FY 2022-23	Tranche vesting in FY 2023-24	Tranche vesting in FY 2020-21	Tranche vesting in FY 2021-22	Tranche vesting in FY 2022-23	Tranche vesting in FY 2023-24
Share price on the date of grant (₹)	654.40	654.40	654.40	654.40	888.35	888.35	888.35	888.35
Exercise price (₹)	668.00	668.00	668.00	668.00	724.00	724.00	724.00	724.00
Expected volatility (%)	89.53%	89.53%	89.53%	89.53%	33.69%	33.69%	33.69%	33.69%
Life of the options granted (years)	4.00	4.50	5.00	5.50	3.00	2.50	3.00	4.00
Risk-free interest rate (%)	6.19%	6.19%	6.19%	6.19%	6.61%	6.61%	6.61%	6.61%
Expected dividend rate (%)	0%	0%	0%	0%	0%	0%	0%	0%
Fair value of the option (₹)	435.59	452.82	472.55	489.66	354.62	330.21	354.62	398.46

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

The Bank measures the cost of ESOP using the intrinsic value method. Had the Bank used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

(₹ in Crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit after tax as reported	**674.78**	**381.81**
Add: ESOP cost using intrinsic value method (net of tax)	17.76	25.11
Less: ESOP cost using fair value method (net of tax)	51.64	36.38
Profit after tax (adjusted)	**640.90**	**370.54**
Earnings Per Share		
Basic		
- As reported	22.78	13.16
- Adjusted for ESOP cost using fair value method	21.64	12.77
Diluted		
- As reported	22.32	12.90
- Adjusted for ESOP cost using fair value method	21.20	12.52

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Stock options outstanding (gross)	104.14	103.75
Deferred compensation cost outstanding	21.52	44.87
Stock options outstanding (net)	**82.62**	**58.88**

FY 2019-20

The Bank has granted 10,00,000 stock options on August 30, 2018 under Plan D1 to Whole Time Director however the bank has received RBI approval on June 17, 2019. Vesting period for these options commenced from the RBI approval date and accordingly these options have been considered for the purpose of computing the ESOP cost as per Plan D5.

The Bank has granted 38,702 and 10,18,758 stock options on October 27, 2017 under Plan A3 and Plan B5, respectively, to Whole time Director which were pending for RBI Approval. During the year ended March 31, 2020, the bank has submitted the revised proposal to RBI and the approval of the RBI is pending as at March 31, 2020. Accordingly, these options have not been considered for the purpose of computing the impact of ESOP fair value on profit before tax. The vesting period for these options will commence only after the RBI approval is received.

FY 2018-19

The Bank has granted 10,00,000 stock options on August 30, 2018 under Plan D1 and 38,702 and 10,18,758 stock options on October 27, 2017 under Plan A3 and Plan B5, respectively, to Whole time Director which are pending for RBI Approval. Accordingly, these options have not been considered for the purpose of computing the impact of ESOP fair value on profit before tax. The vesting period for these options will commence only after the RBI approval is received.

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AU SMALL FINANCE BANK LIMITED JAIPUR

AU SMALL FINANCE BANK LIMITED

SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

8 Employee benefits

(a) Defined benefit plans

Gratuity

The gratuity plan provides a lumpsum payment to vested employees at retirement or on termination of employment based on respective employee's salary and years of employment with the Bank considering the ceiling of gratuity amount of ₹ 0.20 crore.

Reconciliation of opening and closing balance of present value of defined benefit obligation for gratuity benefits is given below.

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Liability at the beginning of the year	15.15	11.60
Interest cost	1.21	0.90
Current service cost	11.15	5.65
Benefits paid during the year	(0.40)	(0.32)
Actuarial (gain) / loss on obligation	5.96	(2.68)
Experience adjustment	-	-
Assumption change	-	-
Liability at the end of the year	**33.07**	**15.15**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets at the beginning of the year	11.86	0.14
Expected return on plan assets	0.18	0.18
Contributions	3.30	11.86
Benefits paid	(0.40)	(0.32)
Actuarial gain / (loss) on plan assets	0.93	
Experience adjustment	-	-
Assumption change	-	-
Fair value of plan assets at the end of the year	**15.87**	**11.86**
Amount recognised in Balance Sheet		
Fair value of plan assets at the end of the year	15.87	11.86
Liability at the end of the year	(33.07)	(15.15)
Net Asset (included under Schedule 11.VII) / (Liability) (included under Schedule 5.IV)	**(17.20)**	**(3.29)**
Expenses recognised in Profit and Loss Account		
Interest cost	1.21	0.90
Current service cost	11.15	5.65
Expected return on plan assets	(0.18)	(0.18)
Net actuarial (gain) / loss recognised in the year	5.03	(2.68)
Net cost	**17.21**	**3.69**
Actual return on plan assets	1.11	0.18
Estimated contribution for the next year	17.00	3.00
Assumptions		
Discount rate	6.50% per annum	8.00% per annum
Expected return on plan assets	8.00% per annum	8.00% per annum
Withdrawal rate	1.00% at all ages	1.00% at all ages
Salary escalation rate	7.50% per annum	7.50% per annum

S.R. BATLIBOI & ASSOCIATES LLP

AU SMALL FINANCE BANK LIMITED JAIPUR

AU SMALL FINANCE BANK LIMITED

SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2020

Experience adjustment

Particulars	Years ended March 31,				
	2020	2019	2018	2017	2016
Plan assets	15.87	11.86	0.14	-	-
Defined benefit obligation	33.07	15.15	11.60	6.99	4.64
Surplus / (deficit)	(17.20)	(3.29)	(11.46)	(6.99)	(4.64)
Experience adjustment gain / (loss) on plan assets	0.93	-	-	-	-
Experience adjustment (gain) / loss on plan liabilities	5.96	(2.68)	(0.52)	0.18	0.11

(b) Defined contribution plans

Providend fund

The Bank makes Provident Fund contributions to a defined contribution retirement benefit plans for qualifying employees. Under the schemes, the bank is required to contribute a specified percentage of the payroll costs to the Provident Fund Commissioner to fund the benefits.

The Bank recognized ₹ 24.96 Crore (previous year ₹ 14.36 Crore) for provident fund contributions in the Profit and Loss Account. The contributions payable to these plans by the Bank are at rates specified in the rules of the schemes.

(c) Compensated absences

The Bank has provided for compensatory leaves which can be availed and not encashed as per policy of the Bank as present value obligation of the benefit at related current service cost measured using the Projected Unit Credit Method on the basis of an actuarial valuation. The Bank has accordingly booked ₹ 5.00 Crore (previous year ₹ 4.49 Crore) in the books of accounts for the period.

9 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

As per our attached Report of even date.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No. 121411
Place : Mumbai

S.R. BATLIBOI & ASSOCIATES LLP

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Raj Vikas Verma
(Non-Executive Independent
Part Time Chairman)
Place : New Delhi

Sanjay Agarwal
(Managing Director and CEO)
Place : Jaipur

Uttam Tibrewal
(Whole Time Director)
Place : Mumbai

Vimal Jain
(Chief Financial Officer)
Place : Jaipur

Manmohan Parnami
(Company Secretary)
Place : Jaipur

AU SMALL FINANCE BANK LIMITED JAIPUR

Date : May 02, 2020

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel: +91 22 6819 8000a

INDEPENDENT AUDITOR'S REPORT

To the Members of AU Small Finance Bank Limited

29 April 2021

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of AU Small Finance Bank Limited ("the Bank"), which comprise the Balance sheet as at March 31, 2021, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 and the Companies Act, 2013, as amended ("the Act") in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2021, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Bank in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 2 of the Schedule 17 to the financial statements, which describes the extent to which the COVID-19 pandemic will impact the Bank's operations and its financial metrics which are dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the financial statements

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S.R. BATLIBOI & ASSOCIATES LLP

as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
Identification of Non-Performing Advances and provisioning for Advances including compliance with Covid 19 related regulatory guidelines issued by RBI and pronouncements made by Honorable Supreme Court of India: (Refer Schedule 17.4 to the financial statements)	
Advances constitute a major portion of the Bank's assets and the quality of the Bank's loan portfolio is measured in terms of the proportion of non-performing assets (NPAs) to the total loans and advances. As at March 31, 2021, the Bank has reported total gross advances of Rs. 35,356 crores (March 31, 2020: Rs. 27,233 crores), gross non-performing advances of Rs. 1,503 crores (March 31, 2020: Rs. 458 crores) and a corresponding provision for non-performing advances of Rs. 747 crores (March 31, 2020: Rs. 240 crores). Identification and provisioning of advances is governed by the prudential norms, guidelines relating to COVID-19 Regulatory Package, Resolution Framework for COVID-19-related Stress, Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances issued by the Reserve Bank of India (RBI) and directions issued by Supreme Court of India and related circulars issued by RBI. These norms prescribe rule based and qualitative criteria for advances to be classified as NPA including overdue aging, moratorium on advances extension	Our audit procedures included, among others the following: • Considered the Bank's accounting policies for NPA identification and provisioning and assessing compliance with the prudential norms prescribed by the RBI read with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020, May 23, 2020, Resolution Framework for COVID-19-related Stress and Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances dated August 6, 2020 and directions issued by Supreme Court of India and RBI circular on Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package dated April 7, 2021. • Tested the operating effectiveness of the controls (including application and IT dependent controls) for borrower wise classification of loans in the respective asset classes viz., standard, sub-standard, doubtful and loss with reference to IRAC norms. • Performed test of details to test on provisioning rates applied for respective asset classes to agree such rates with the Bank's accounting policies. • Tested on sample basis, the compliance with COVID 19 RBI Regulatory packages. • Read and assessed the Bank's policy with respect to one-time restructuring (OTR)

Key audit matters	How our audit addressed the key audit matter
of asset classification benefit for specific advances. Given the volume and variety of loans, judgement is involved in the application of RBI norms for classification of loans as NPA. In view of the significance of this area to the overall audit of financial statements, it has been considered as a key audit matter.	facility to borrowers impacted by Covid-19 pandemic and tested the implementation of such policy on a sample basis. • Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which need to be considered as NPA. Examined the early warning reports generated by the Bank's credit team on a monthly basis to identify loan accounts with credit stress. • Considered the special mention accounts (SMA) reports submitted by the Bank to the RBI's central repository of information on large credits (CRILC) to assess whether any accounts from such reporting need to be considered as non-performing. • Performed analytical procedures on various financial and non-financial parameters to test the completeness of accounts identified as NPA. • We made inquiries with management regarding any effects considered on the NPA identification and / or provisioning, resulting from observations raised by the RBI during their annual inspection of the Bank's operations. • Tested the arithmetical accuracy of computation of provision for Advances. • Assessed disclosures included in the financial statements in respect of asset classifications and provisioning, including specific disclosures made with regard to impact of COVID-19 pandemic and related RBI circulars.
IT systems and controls	
The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. These systems also play a key role in the financial accounting and reporting process of the Bank.	Our audit procedures included the following, among others: • For testing the IT general controls, application controls and IT dependent manual controls, we included specialized IT auditors as part of our audit team. The specialized team also assisted in testing the accuracy of the information produced by the Bank's IT systems. • Tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting.

Key audit matters	How our audit addressed the key audit matter
Further, the Bank made changes to its IT systems to give effect to the policy approved by its Board of Directors, in response to and as required by the COVID-19 Regulatory Package provided by RBI, including moratorium on instalments due on Loans Implementation of the moratorium involves significant level of judgement, changes to IT systems, etc. Due to the pervasive nature and complexity of the IT environment and considering that changes in key processes have been implemented in recent past, we have ascertained IT systems and controls as a key audit matter. Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively.	• Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were reviewed and authorized. • We considered the control environment relating to various interfaces, configuration and other application controls identified as key to our audit. • In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting. • Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

Information Other than the Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the

Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank provision of section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of

S.R. BATLIBOI & ASSOCIATES LLP

accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014.

2. As required sub section (3) of section 30 of the Banking Regulation Act, 1949 and the appointment letter dated June 05, 2020, we report that:

   a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

   b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

   c. The financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches. We performed procedures necessary for the purpose of our walkthrough of processes and test of controls at branches by inspection of documents obtained from branches. We have visited (physically and virtually via video call) 25 branches as part of our audit.

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3. As required by Section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;

   c. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the aforesaid financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by RBI;

   e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Bank with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;

   g. In our opinion, the entity being a banking company, the remuneration to the whole-time director during the year ended March 31, 2021 has been paid by the Bank in accordance with the provisions of Section 35B (1) of the Banking Regulation Act, 1949; and

   h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note Schedule 12, Schedule 17.J and Schedule 18A – Note 32 to the financial statements;

      ii. The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
Firm's Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership Number: 121411
UDIN: 21121411AAAADN4035

Place of Signature: Mumbai

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF AU SMALL FINANCE BANK LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

To the Members of AU Small Finance Bank Limited

We have audited the internal financial controls over financial reporting of AU Small Finance Bank Limited (the "Bank") as of March 31, 2021 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

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S.R. BATLIBOI & ASSOCIATES LLP

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S. R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
Firm's Registration No.: 101049W/E300004

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership No.: 121411

Place: Mumbai

S.R. BATLIBOI & ASSOCIATES LLP

AU SMALL FINANCE BANK LIMITED

Balance Sheet as at March 31, 2021

(₹ in '000)

Particulars	Schedule	As at March 31, 2021	As at March 31, 2020
CAPITAL & LIABILITIES			
Capital	1	31,22,134	30,41,233
Employees stock options outstanding		10,31,171	5,21,240
Reserves & Surplus	2	5,85,98,853	4,02,05,638
Deposits	3	35,97,93,142	26,16,39,285
Borrowings	4	7,02,96,957	10,33,53,236
Other Liabilities and Provisions	5	2,30,70,802	1,26,70,078
Total		51,59,13,059	42,14,30,710
ASSETS			
Cash and Balances with Reserve Bank of India	6	1,56,93,478	1,04,96,369
Balances with banks and Money at Call and Short Notice	7	3,21,19,877	2,32,00,417
Investments	8	10,81,54,139	10,66,82,153
Advances	9	34,60,89,142	26,99,24,154
Fixed Assets	10	48,23,685	44,79,983
Other Assets	11	90,32,738	66,47,634
Total		51,59,13,059	42,14,30,710
Contingent Liabilities	12	1,22,08,441	1,36,00,492
Bills for Collection		-	-
Significant accounting policies and notes to accounts forming part of financial statements	17 & 18		

The Schedules referred to above form an integral part of the Balance Sheet.
As per our attached Report of even date.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No. 121411
Place : Mumbai

S.R. BATLIBOI & ASSOCIATES LLP

Date : April 29, 2021

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Raj Vikash Verma
(Non-Executive Independent Part Time Chairman)
DIN : 03546341
Place : Gurugram

Sanjay Agarwal
(Managing Director and CEO)
DIN : 00009526
Place : Jaipur

Uttam Tibrewal
(Whole Time Director)
DIN : 01024940
Place : Mumbai

Vimal Jain
(Chief Financial Officer)
Place : Jaipur

Manmohan Parnami
(Company Secretary)
Membership No. F9999
Place : Jaipur

AU Small Finance Bank JAIPUR

AU SMALL FINANCE BANK LIMITED

Profit and Loss Account for the Year Ended March 31, 2021

(₹ in '000)

Particulars	Schedule	Year Ended March 31, 2021	Year Ended March 31, 2020
I. INCOME			
Interest earned	13	4,95,00,515	4,28,58,843
Other income	14	1,45,15,466	70,60,920
Total Income		6,40,15,981	4,99,19,763
II. EXPENDITURE			
Interest expended	15	2,58,46,097	2,37,69,440
Operating expenses	16	1,65,84,252	1,41,78,585
Provisions & contingencies (refer note 9- schedule 18A)		98,78,786	52,23,893
Total Expenditure		5,23,09,135	4,31,71,918
III. PROFIT/LOSS			
Net profit/ (loss) for the year		1,17,06,846	67,47,845
Add: Balance in Profit/Loss Account brought forward from previous year		1,88,73,181	1,57,20,275
Total		3,05,80,027	2,24,68,120
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		29,26,712	16,86,961
Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 (refer schedule 2.III)		7,70,000	6,70,000
Transfer to Capital Reserve		2,88,747	69,252
Transfer to / (from) Investment Fluctuation Reserve		(3,16,451)	9,04,349
Dividend paid (includes tax on dividend)		-	2,64,377
Balance carried over to Balance Sheet		2,69,11,019	1,88,73,181
Total		3,05,80,027	2,24,68,120
V. EARNING PER SHARE (refer note 5- schedule 18B)			
Basic (₹)		38.19	22.78
Diluted (₹)		37.86	22.32
Nominal value per share (₹)		10.00	10.00
Significant accounting policies and notes to accounts forming part of financial statements	17 & 18		

The Schedules referred to above form an integral part of the Profit and Loss Account.
As per our attached Report of even date.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No. 121411
Place : Mumbai

S.R. BATLIBOI & ASSOCIATES LLP

Date : April 29, 2021

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Raj Vikash Verma
(Non-Executive Independent Part Time Chairman)
DIN : 03546341
Place : Gurugram

Sanjay Agarwal
(Managing Director and CEO)
DIN : 00009526
Place : Jaipur

Uttam Tibrewal
(Whole Time Director)
DIN : 01024940
Place : Mumbai

Vimal Jain
(Chief Financial Officer)
Place : Jaipur

Manmohan Parnami
(Company Secretary)
Membership No. F9999
Place : Jaipur

AU Small Finance JAIPUR

AU SMALL FINANCE BANK LIMITED

Cash Flow Statement for the Year Ended on March 31, 2021

(₹ in '000)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Cash Flow From Operating Activities		
Profit after tax	**1,17,06,846**	**67,47,845**
Add: Provision for tax	28,78,236	23,91,907
Net Profit Before Taxes	**1,45,85,082**	**91,39,752**
Adjustments for :-		
Employee Stock Options Expense	7,67,915	2,37,378
Depreciation on Bank's Property	10,43,685	8,86,177
Amortization of Premium on HTM Investments	3,56,451	2,35,808
Provision for Employee Expenses	(88,187)	1,89,123
Provision for Non Performing Assets, Standard Assets and Other Provisions	56,82,866	23,13,919
Loss on sale of Fixed Assets	9,304	11,114
Operating profit before working capital changes	**2,23,57,116**	**1,30,13,271**
Movement in working capital		
Decrease / (Increase) in Investments (other than HTM Investments)	63,66,180	(2,35,33,319)
Decrease / (Increase) in Advances	(8,12,33,914)	(4,23,85,306)
Decrease / (Increase) in Other Assets	(17,86,122)	(17,98,640)
(Decrease) / Increase in Deposits	9,81,53,857	6,74,14,929
(Decrease) / Increase in Other Liabilities and Provisions	98,47,181	(34,26,003)
Cash Flow from Operating Activities	**5,37,04,298**	**92,84,932**
Direct Taxes Paid (Net of refunds)	(31,43,287)	(26,89,189)
Net Cash Flow from Operating Activities (A)	**5,05,61,011**	**65,95,743**
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(14,12,263)	(9,21,990)
Proceeds from Sale of Fixed Assets	15,570	15,018
Investments in HTM securities (Net)	(85,00,756)	(1,17,67,548)
Net cash flow used in Investing Activities (B)	**(98,97,449)**	**(1,26,74,520)**
Cash Flow from Financing Activities		
Proceeds from /(Repayment of) borrowings	(3,30,56,279)	1,72,19,649
Money received on exercise of Stock Options / Issue of Shares	65,79,785	54,57,152
Share issue Expenses	(70,499)	(38,796)
Dividend paid (includes tax on dividend)	-	(2,64,376)
Net cash flow from / (used in) Financing Activities (C)	**(2,65,46,993)**	**2,23,73,629**
Net Increase in Cash and Cash Equivalents (A + B + C)	**1,41,16,569**	**1,62,94,852**

S.R. BATLIBOI & ASSOCIATES LLP

AU Small Finance Bank Limited JAIPUR

AU SMALL FINANCE BANK LIMITED

Cash Flow Statement for the Year Ended on March 31, 2021

(₹ in '000)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Cash and Cash Equivalents at the beginning of the year (Refer Note Below)	3,36,96,786	1,74,01,934
Cash and Cash Equivalents at the end of the year (Refer Note Below)	**4,78,13,355**	**3,36,96,786**
Note:		
Balance with Banks in India in Fixed Deposit (As per Sch 7 I (i) (b))	22,14,111	20,89,157
Balance with Banks in India in Current Account (As per Sch 7 I (i) (a))	9,55,766	1,61,260
Money at Call and Short Notice in India (as per Sch 7 I (ii))	2,89,50,000	2,09,50,000
Cash in hand (including foreign currency notes) (As per Sch 6 I)	41,82,772	32,56,790
Balance with RBI in Current Accounts (As per Sch 6 II)	1,15,10,706	72,39,579
Cash and Cash Equivalents at the end of the year	**4,78,13,355**	**3,36,96,786**

As per our attached Report of even date.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No. 121411
Place : Mumbai

S.R. BATLIBOI & ASSOCIATES LLP

Date : April 29, 2021

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Raj Vikash Verma
(Non-Executive Independent Part Time Chairman)
DIN : 03546341
Place : Gurugram

Sanjay Agarwal
(Managing Director and CEO)
DIN : 00009526
Place : Jaipur

Uttam Tibrewal
(Whole Time Director)
DIN : 01024940
Place : Mumbai

Vimal Jain
(Chief Financial Officer)
Place : Jaipur

Manmohan Parashni
(Company Secretary)
Membership No. F9999
Place : Jaipur

AU Small Finance Bank Limited JAIPUR

AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2021

(₹ in '000)

Particulars	As at March 31, 2021	As at March 31, 2020
SCHEDULE 1 : CAPITAL		
Authorized shares		
35,00,00,000 (March 31, 2020: 35,00,00,000) equity shares of ₹ 10/- each	35,00,000	35,00,000
Issued Subscribed and paid up capital		
I. 30,41,23,327 equity shares of ₹ 10/- each (March 31, 2020: 29,23,57,486 equity shares)	30,41,233	29,23,575
II. Add: 30,90,063 equity shares of ₹ 10/- each (March 31, 2020: 16,61,477 equity share) in pursuant to exercise of employee stock option	30,901	16,615
III. Add: 50,00,000 equity shares of ₹ 10/- each (March 31, 2020: NIL equity shares) in pursuant to QIP allotment	50,000	-
IV. Add: NIL equity shares of ₹ 10/- each (March 31, 2020: 1,01,04,364 equity shares) in pursuant to conversion of share warrants	-	1,01,043
Total	**31,22,134**	**30,41,233**

(₹ in '000)

Particulars	As at March 31, 2021	As at March 31, 2020
SCHEDULE 2 : RESERVES & SURPLUS		
I. Statutory Reserve		
Opening Balance*	62,90,463	46,03,502
Additions during the year under the Banking Regulation Act, 1949	29,26,712	16,86,961
Deductions during the year	-	-
Sub- Total	**92,17,175**	**62,90,463**

**Opening balance of Statutory Reserve includes ₹291.89 crore represents transfer of twenty percent of net profit after tax in accordance with the provision of Section 45-IC of Reserve Bank of India Act, 1934 pursuant to NBFC Regulations.*

II. Share Premium		
Opening Balance	1,25,66,577	53,70,306
Add: Allotment of equity shares	67,56,868	72,35,067
Less: Utilised for share issue expenses	70,499	38,796
Sub- Total	**1,92,52,946**	**1,25,66,577**
III. Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		
Opening Balance	12,53,000	5,83,000
Additions during the year	7,70,000	6,70,000
Deductions during the year	-	-
Sub- Total	**20,23,000**	**12,53,000**
IV. Capital Reserve		
Opening Balance	96,868	27,616
Additions during the year	2,88,747	69,252
Deductions during the year	-	-
Sub- Total	**3,85,615**	**96,868**
V. Investment Fluctuation Reserve		
Opening Balance	11,25,549	2,21,200
Additions during the year	-	9,04,349
Deductions during the year (Excess of 2% of AFS and HFT portfolio)	3,16,451	-
Sub- Total	**8,09,098**	**11,25,549**
VI. Balance in Profit and Loss Account		
Balance in Profit and Loss Account	2,69,11,019	1,88,73,181
Sub- Total	**2,69,11,019**	**1,88,73,181**
Total	**5,85,98,853**	**4,02,05,638**

AU Small Finance Bank Limited JAIPUR

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AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2021

(₹ in '000)

Particulars	As at March 31, 2021	As at March 31, 2020
SCHEDULE 3 : DEPOSITS		
A.I Demand Deposits		
(i) From Banks	3,49,642	2,80,388
(ii) From Others	1,59,72,597	1,08,59,088
Sub- Total	**1,63,22,239**	**1,11,39,476**
A.II Savings Bank Deposits	**6,64,32,170**	**2,67,33,587**
A.III Term Deposits		
(i) From Banks	5,67,51,950	4,68,74,602
(ii) From Others	22,02,86,783	17,68,91,620
Sub- Total	**27,70,38,733**	**22,37,66,222**
Total	**35,97,93,142**	**26,16,39,285**
B.I Deposits of branches in India	35,97,93,142	26,16,39,285
B.II Deposits of branches outside India	-	-
Total	**35,97,93,142**	**26,16,39,285**

(₹ in '000)

Particulars	As at March 31, 2021	As at March 31, 2020
SCHEDULE 4 : BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	-	31,00,000
(ii) Other Banks	34,39,092	1,31,95,467
(iii) Other Institutions and Agencies	6,68,57,865	8,70,57,769
Sub Total	**7,02,96,957**	**10,33,53,236**
II. Borrowings outside India	-	-
Total	**7,02,96,957**	**10,33,53,236**
Secured Borrowings (Includes Refinance) other than CBLO, Tri-Party Repo, Repo and LAF	5,89,57,865	7,17,08,067
Borrowings included in I above		
Tier II Debt included in I above	61,50,000	69,50,000
Tier II Debt included in II above	-	-

(₹ in '000)

Particulars	As at March 31, 2021	As at March 31, 2020
SCHEDULE 5 : OTHER LIABILITIES AND PROVISIONS		
I. Bills Payable	9,68,530	2,92,006
II. Interest Accrued	33,38,804	31,72,803
III. Provision for Taxation	2,03,463	1,43,910
IV. Standard Asset provision (refer note 4.6 - schedule 18A)	18,81,293	12,10,314
V. Others (including Provisions)*	1,66,78,712	78,51,045
Total	**2,30,70,802**	**1,26,70,078**

**March 31, 2021: including contingency provisions of ₹ 101.88 crores as at March 31, 2021, for the accounts restructured under RBI Resolution framework and against any further potential impact of COVID-19.*

March 31, 2020: Including general provision of ₹ 138.38 crore made by Bank in respect of accounts in default but standard against the potential impact of COVID-19.

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AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2021

(₹ in '000)

Particulars	As at March 31, 2021	As at March 31, 2020
SCHEDULE 6 : CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in Hand (including Foreign Currency Notes - NIL)	41,82,772	32,56,790
II. Balances with Reserve Bank of India		
a. in Current Account	1,15,10,706	72,39,579
b. in Other Account	-	-
Total	**1,56,93,478**	**1,04,96,369**

(₹ in '000)

Particulars	As at March 31, 2021	As at March 31, 2020
SCHEDULE 7 : BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE		
I. In India		
i) Balances with banks in		
(a) Current Accounts	9,55,766	1,61,260
(b) Other Deposit Accounts	22,14,111	20,89,157
ii) Money at call and short Notice		
(a) with Banks	2,89,50,000	2,09,50,000
(b) with Other Institutions	-	-
Sub- Total	**3,21,19,877**	**2,32,00,417**
II. Outside India		
i) in Current Accounts	-	-
ii) in Other Deposit Accounts	-	-
iii) in Money at Call and Short Notice	-	-
Sub- Total	**-**	**-**
Total	**3,21,19,877**	**2,32,00,417**

(₹ in '000)

Particulars	As at March 31, 2021	As at March 31, 2020
SCHEDULE 8 : INVESTMENTS		
I. Investments in India in (net of Provision)		
i) Government Securities	7,78,07,715	7,64,32,096
ii) Other Approved Securities	-	-
iii) Shares	88,106	8,93,210
iv) Debentures and Bonds	2,23,36,920	2,13,79,868
v) Subsidiaries and /or Joint Venture	-	-
vi) Others [Units, Mutual Fund, Certificate of Deposits (CD), Commercial Paper (CP), Pass Through Certificates (PTC), Security Receipts (SR)]	79,21,398	79,76,979
Sub- Total	**10,81,54,139**	**10,66,82,153**
II. Investments outside India (net of provision)	-	-
Total	**10,81,54,139**	**10,66,82,153**

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AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2021

(₹ in '000)

Particulars		As at March 31, 2021	As at March 31, 2020
SCHEDULE 9 : ADVANCES			
A	i) Bills Purchased and Discounted	1,09,588	44,202
	ii) Cash Credits Overdrafts and Loans repayable on Demand	3,78,83,647	2,49,19,739
	iii) Term loans	30,80,95,907	24,49,60,213
	Total	**34,60,89,142**	**26,99,24,154**
B	i) Secured by Tangible Assets (includes advances against Book debts)	32,50,23,352	26,15,91,546
	ii) Covered by Bank / Government Guarantees (includes Advance to Banks)	56,58,677	2,70,177
	iii) Unsecured	1,54,07,113	80,62,431
	Total	**34,60,89,142**	**26,99,24,154**
C. I	**Advances in India**		
	i) Priority Sectors*	24,33,89,369	20,01,27,151
	ii) Public Sector	-	36,485
	iii) Banks	54,23,021	3,80,536
	iv) Others	9,72,76,752	6,93,79,982
	Total	**34,60,89,142**	**26,99,24,154**
C. II	**Advances outside India**	-	-
	Total	**34,60,89,142**	**26,99,24,154**

**Priority sectors includes ₹ 14,700.00 crore (previous year : ₹ 15,504.75 crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC).*

Above Advances are net of provisions.

(₹ in '000)

Particulars		As at March 31, 2021	As at March 31, 2020
SCHEDULE 10 : FIXED ASSETS			
I.	**Premises (including Land)**		
	Gross Block		
	At Cost as on 31st March of the preceding year	5,89,876	5,87,444
	Additions during the year	42,527	2,432
	Deductions during the year	-	-
	Sub- Total	**6,32,403**	**5,89,876**
	Depreciation		
	As at 31st March of the preceding year	21,776	15,451
	Add: charge during the year	6,558	6,325
	Deductions during the year	-	-
	Sub- Total	**28,334**	**21,776**
	Net Block	**6,04,069**	**5,68,102**
II.	**Other Fixed Assets (including Furniture & Fixtures)**		
	Gross Block		
	At Cost as on 31st March of the preceding year	59,99,930	51,78,785
	Additions during the year	14,17,186	8,95,694
	Deductions during the year	82,764	74,549
	Sub- Total	**73,34,352**	**59,99,930**
	Depreciation		
	As at 31st March of the preceding year	21,85,450	13,54,015
	Add: charge during the year	10,37,127	8,79,852
	Deductions during the year	57,890	48,417
	Sub- Total	**31,64,687**	**21,85,450**
	Net Block	**41,69,665**	**38,14,480**
III.	**Capital Work in Progress**	49,951	97,401
	Total	**48,23,685**	**44,79,983**

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AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2021

(₹ in '000)

Particulars	As at March 31, 2021	As at March 31, 2020
SCHEDULE 11 : OTHER ASSETS		
i) Interest Accrued	49,99,528	41,35,137
ii) Tax paid in Advance / Tax Deducted at Sources (Net of Provisions)	46	99,845
iii) Deferred Tax Assets (Net)	10,05,729	4,06,748
iv) Advance for expenses	2,52,390	2,67,483
v) Security Deposits	3,66,543	2,88,186
vi) Others	24,08,502	14,50,235
Total	**90,32,738**	**66,47,634**

(₹ in '000)

Particulars	As at March 31, 2021	As at March 31, 2020
SCHEDULE 12 : CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as Debts	1,88,660	1,64,982
II. Guarantees given on behalf of Constituents		
a) In India	67,28,556	75,38,833
b) Outside India	-	-
III. Acceptances Endorsements and Other Obligation	3,18,662	1,16,577
IV. Other items for which the Bank is Contingently Liable		
(a) Credit enhancements provided by the Bank towards assets assignment/securitisation	38,26,375	50,77,390
(b) Capital commitments not provided	10,40,853	6,00,126
(c) Other Guarantees	1,05,335	1,02,584
Total	**1,22,08,441**	**1,36,00,492**

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AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Profit and Loss Account for the Year Ended March 31, 2021

(₹ in '000)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
SCHEDULE 13 : INTEREST EARNED		
I. Interest / Discount on Advances / Bills	3,94,73,625	3,41,48,376
II. Income on Investments	77,30,430	61,34,691
III. Interest on Balances with RBI and Other Inter-Bank Funds	8,50,066	2,58,040
IV. Others	14,46,394	23,17,736
Total	**4,95,00,515**	**4,28,58,843**

(₹ in '000)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
SCHEDULE 14 : OTHER INCOME		
I. Commission, Exchange and Brokerage	42,82,869	42,91,437
II. Profit / (Loss) on sale of Investments (net)	88,48,149	17,25,732
III. Profit / (Loss) on sale of Land Building & Other Assets (net)	(9,304)	(11,114)
IV. Miscellaneous Income (refer note 47- schedule 18A)	13,93,752	10,54,865
Total	**1,45,15,466**	**70,60,920**

(₹ in '000)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
SCHEDULE 15 : INTEREST EXPENDED		
I. Interest on Deposits	1,85,72,104	1,60,54,668
II. Interest on Reserve Bank of India /Inter Bank Borrowings	4,95,916	8,12,950
III. Others	67,78,077	69,01,822
Total	**2,58,46,097**	**2,37,69,440**

(₹ in '000)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
SCHEDULE 16 : OPERATING EXPENSES		
I. Payments to and Provision for Employees	98,01,731	75,96,184
II. Rent, Taxes and Lighting	9,89,303	9,88,022
III. Printing and Stationery	1,04,157	1,19,237
IV. Advertisement and Publicity	2,33,865	2,41,075
V. Depreciation on Bank's Property	10,43,685	8,86,177
VI. Directors' fees- allowances and expenses	18,151	13,726
VII. Auditors' Fee and expenses	14,082	17,186
VIII. Law charges (includes Professional Fees)	2,26,204	2,21,261
IX. Postages, Telegrams, Telephones etc.	3,81,873	2,88,609
X. Repairs and Maintenance (includes AMC)	9,23,072	8,10,838
XI. Insurance	3,21,718	1,99,549
XII. Direct marketing expenses (Payout expenses)	9,27,848	10,20,083
XIII. Travelling & Conveyance	3,26,035	4,29,832
XIV. Other Expenditure	12,72,528	13,46,806
Total	**1,65,84,252**	**1,41,78,585**

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AU SMALL FINANCE BANK LIMITED

SCHEDULE 17 : Basis of preparation and significant Accounting Policies

1. Background

AU Small Finance Bank Limited (formerly known as Au Financiers (India) Limited) ("AUSFBL" or "the Company" or "the Bank") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

The Company had originally obtained its license from Reserve Bank of India ('RBI') to operate as a non-deposit accepting Non-Banking Financial Company (NBFC-ND). on November 7, 2000 vide certificate of registration no. B-10-00139.

The Company has changed its name to AU Small Finance Bank Limited with effect from April 13, 2017 and commenced its operations as a Small Finance Bank from April 19, 2017 pursuant to the approval received from the Reserve Bank of India dated December 20, 2016.

The Bank is engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations and other services. The Bank operates in India only and does not have presence in any foreign country.

The Bank is governed by the Banking Regulation Act, 1949, banking guidelines issued by RBI on Small Finance Bank 2016, and the Companies Act, 2013.

2. Basis of preparation

The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and complying with the requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank which is used in the preparation of financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by RBI from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, Companies (Accounting Standards) Amendment Rules, 2016 as amended from time to time in so far as they apply to banks. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations, the sale of third-party products and collection efficiency.

The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Bank's provision on assets and future results will depend on future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by Bank.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium of three months on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. In line with the additional Regulatory Package guidelines dated May 23, 2020, the Bank granted a second three-month moratorium on instalments or interest, as applicable, due between June 1, 2020 and August 31, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Assets Classification and Provisioning norms).

The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated September 03, 2020 ("Interim Order"), had directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Bank did not classify any account which was not NPA as at August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Bank has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

3. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP as applicable to Banks requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses for the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates. Any revision in the accounting estimates is recognized prospectively in the current and future periods.

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SCHEDULE 17 : Basis of preparation and significant Accounting Policies

Change in estimates

The Bank has revised its estimates related to standard assets provisioning for loan portfolio of Farm Credit, Micro & Small Enterprises and NBFC portfolio. As a result of such change, provision of ₹ 40.00 crore is released. The Bank has followed a policy for maintaining required standard assets provision as requirement of the RBI Master Circular on Prudential Norms issued vide Notification No. RBI/2015-16/101 DBR.No.BP.BC.2/21.04.048/ 2015-16 dated July 01, 2015 as applicable to banks.

4. Significant accounting policies

A. Advances

(i) Classification

Advances are classified as performing assets and non-performing assets ('NPAs') in accordance with the RBI guideline on Income Recognition and Asset Classification (IRAC). Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. The advances are stated net of specific provisions made towards NPAs and unrealised interest on NPAs. Interest on NPAs is transferred to an interest suspense account and not recognised in the Profit and Loss Account until received.

(ii) Provisioning

Provision for non-performing advances comprising sub-standard, doubtful and loss assets is made at a minimum in accordance with the RBI guidelines. In addition, the Bank considers accelerated specific provisioning that is based on past experience, evaluation of security and other related factors. Specific loan loss provision in respect of non-performing advances are charged to the Profit and Loss Account. Any recoveries made by the Bank in case of NPAs written off are recognised in the Profit and Loss Account. Provisions in respect of credit card receivables classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI.
The Bank has applied following provisioning rates on advances (except Credit Card):

Overdue bucket	% of Provision as per Bank policy	
	(Secured)	(Unsecured)
0-89	As mentioned below	
90-180	15%	25%
181-365	30%	30%
366-455	60%	60%
456-730	60%	100%
>730	100%	100%
Loss asset	100%	100%

The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advances / securities, which would generally include, among others, alteration of repayment period / repayable amount / the amount of instalments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made and classification thereof is as per the extant RBI guidelines.

In accordance with RBI guidelines, the Bank has provided general provision on standard assets at levels stipulated by RBI from time to time. - direct advances to sectors agricultural and SME at 0.25%, commercial real estate at 1.00%, restructured standard advances at 5.00%, commercial real estate-residential housing at 0.75%, housing loans (which have adequate Loan to Value (LTV) ratio as prescribed by RBI) at 0.25% and for other sectors at 0.40%. Provision made against standard assets in accordance with RBI guidelines as above is disclosed separately under Other Liabilities and not netted off against Advances.

Provision for unhedged Foreign Currency Exposure of borrowers is made as per the RBI guidelines.

B. Securitisation and transfer of assets

The Bank securitises out its receivables to Special Purpose Vehicles ('SPVs') in securitisation transactions. Such securitised-out receivables are de-recognised in the Balance Sheet when they are sold (true sale criteria as defined in RBI Circular, being fully met with) and consideration is received by the Bank. In respect of receivable pools securitised-out, the Bank provides liquidity facility and credit enhancements, as specified by the rating agencies, in the form of cash collaterals / guarantees and / or by subordination of cash flows in line with RBI guidelines. The Bank also acts as a servicing agent for receivable pools securitised-out.

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SCHEDULE 17 : Basis of preparation and significant Accounting Policies

The Bank enters into transactions for transfer of standard assets through the direct assignment of cash flows, which are similar to asset-backed securitisation transactions through the SPV route, except that such portfolios of receivables are assigned directly to the purchaser and are not represented by Pass Through Certificates ('PTCs').

The RBI issued addendum guidelines on securitisation of standard assets vide its circular dated May 7, 2012. Accordingly, the Bank does not provide liquidity facility or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines. The Bank amortises any profit received for every individual securitisation or direct assignment transaction based on the method prescribed in these guidelines.

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as 'Miscellaneous Income' and the fee paid for purchase of the PSLCs is recorded as 'Other Expenditure' in the Profit and Loss Account. These are amortised on quarterly basis.

The Bank invests in PTCs issued by other SPVs. These are accounted for at the deal value and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the tenor of the loans.

In accordance with RBI guidelines on sale of nonperforming advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances. Advances exclude derecognised securitised advances, inter-bank participation certificates issued.

C. Investments

Classification and valuation of the Bank's Investments is carried out in accordance with RBI and Fixed Income Money Market and Derivatives Association ('FIMMDA') guidelines issued in this regard from time to time.

(i) Classification

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' ('HTM') categories (hereinafter called "categories").

Investments, which the Bank intends to hold till maturity, are classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments.

For the purpose of disclosure in the financial statements, the investments are classified under six groups (hereinafter called "groups"):

a) Government Securities;
b) Other Approved Securities;
c) Shares;
d) Debentures and Bonds;
e) Subsidiaries / Joint Ventures; and
f) Other Investments.

All investments purchase and sale including equity shares are recorded under "Settlement Date" Accounting.

(ii) Acquisition cost

The cost of investments is determined on weighted average basis. Broken period interest on debt instruments and government securities are considered as a revenue item. The transaction costs including brokerage, commission, transaction/settlement charges etc. paid at the time of acquisition of investments are recognised in Profit and Loss Account.

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SCHEDULE 17 : Basis of preparation and significant Accounting Policies

(iii) Transfer between categories

Transfer of investments between categories, if any are considered in accordance with the extant RBI guidelines as follows:

a) Transfer from AFS /HFT to HTM is made at the lower of book value or market value at the time of transfer;

b) Transfer from HTM to AFS/HFT is made at acquisition price/book value if originally placed in HTM at par or at a discount and at amortised cost if originally placed in HTM at a premium;

c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provisions for depreciation against the HFT securities or vice-versa.

(iv) Valuation

Investments classified under HTM need not be marked to market and are carried at acquisition cost, unless it is more than face value, in which case the premium is amortised over the period remaining maturity by applying constant price method (Straight Line Method). Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines.

Bank recognises any diminution, other than temporary, in the value of their investment under HTM category for each investment individually.

Investments classified as AFS and HFT are marked to-market on a periodic basis as per relevant RBI guidelines. The securities are valued scrip-wise and any depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accreted for the holding period.

Quoted investments are valued at traded/ quoted price available on the recognised stock exchanges, subsidiary general ledger account transactions, price list of RBI or prices declared by Financial Benchmark India Pvt. Ltd ('FIBIL') jointly with Fixed Income Money Market and Derivatives Association (FIMMDA) applicable as at the balance sheet date. For deriving market value of unquoted fixed income securities (other than Central and State Government securities), yields / mark-up rates (reflecting associate credit risk) published by the FIMMDA is used. The market value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is valued as per rates published by FIBIL/FIMMDA.

Security receipts are valued as per the net asset value provided by the issuing Asset Reconstruction Company from time to time.

In case of unquoted bonds, debentures and preference shares where interest / dividend is received regularly (i.e., not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA)/ Financial Benchmark India Pvt. Ltd ('FIBIL') and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity published by FIMMDA is adopted for this purpose.

Equity shares for which current quotations are not available or where the shares are not quoted on the stock exchanges, should be valued at break-up value (without considering 'revaluation reserves', if any) which is to be ascertained from the company's latest balance sheet. In case the latest balance sheet is not available the shares are to be valued at Re.1 per company, as per relevant RBI guidelines.

Investment in mutual fund units are valued at latest available re-purchase price or Net Asset Value (where re-purchase price is not available) as declared by the mutual fund is respect of each particular scheme.

In case of funds with a lock-in period, where repurchase price/ market quote is not available, Units could be valued at Net Asset Value (NAV). If NAV is not available, then these could be valued at cost, till the end of the locking period. Wherever the re-purchase price is not available, the Units could be valued at the NAV of the respective scheme.

Units of Venture Capital Funds (VCF) held under AFS category are valued using the Net Asset Value (NAV) shown by VCF as per the financial statement. The VCFs are valued based on the audited results once in a year. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF.

Net depreciation in the value, if any, compared to the acquisition cost, in any of the aforesaid six groups, is charged to the Profit and Loss Account. The net appreciation, if any, in any of the six groups is not recognised except to the extent of depreciation already provided. The valuation of investments includes securities under repo transactions. The book value of individual securities is not changed after the valuation of investments.

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Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss Account until received.

(v) Disposal of investments

Profit / Loss on sale of investments under AFS and HFT categories are recognised in the Profit and Loss Account. Profit in respect of investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account as per RBI guidelines. Loss on sale from HTM will be recognised in the Profit and Loss account.

(vi) Investment Fluctuation Reserve

As per the RBI circular RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, to build up adequate reserves to protect against increase in yields in future, the Bank has created an Investment Fluctuation Reserve (IFR) to the extent of the lower of following:

a) net profit on sale of investments during the year;
b) net profit for the year less mandatory appropriations.

As per the RBI circular, this reserve will be created until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis and where feasible this should be achieved within a period of three year.

(vii) Repo and reverse repo transactions

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions including liquidity adjustment facility (with RBI) accounted for as borrowing and lending transactions. Accordingly, securities given as collateral under an agreement to repurchase them are held under the investments of the Bank and the Bank is accruing the coupon/discount on such securities during the repo period.
Also, the Bank value the securities sold under repo transactions as per the investment classification of the securities.
The difference between the clean price of the first leg and clean price of the second leg is recognised as interest income/expense over the period of the transaction in the Profit and Loss Account.

D. Transactions involving foreign exchange

Initial recognition

Transactions in foreign currencies entered into by the Bank are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the Balance Sheet date

Foreign currency monetary items, if any, of the Bank, outstanding at the balance sheet date are restated at the rates prevailing at the year-end as notified by Foreign Exchange Dealers Association of India('FEDAI'). Non-monetary items of the Bank are carried at historical cost.

Contingent liabilities on account of foreign exchange contracts, currency future contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

Treatment of Exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Bank are recognised as income or expense in the Profit and Loss Account.

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E. Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plan:

The Bank's contributions to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made when the services are rendered by the employees.

Defined Benefits Plan

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Profit and Loss Account in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested while otherwise, it is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short term Employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long term Employee benefits

The Bank accrues the liability for compensated absences based on actuarial valuation as at the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Banks' obligation is determined using the Projected Unit Credit Method as at the Balance Sheet date. Actuarial gains/losses are recognised in the Profit and Loss Account in the year in which they arise.

Share based payments

The Employee Stock Option Schemes (ESOSs) of the Bank are in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Schemes provide for grant of options on equity shares to employees of the Bank to acquire the equity shares of the Bank that vest in a cliff vesting or in a graded manner and that are to be exercised within a specified period.

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the intrinsic value method. The intrinsic value being the excess, if any, of the fair market price of the share under ESOSs over the exercise price of the option is recognised as deferred employee compensation with a credit to Employee's Stock Option (Grant) Outstanding account. The deferred employee compensation cost is amortised on a straight-line basis over the vesting period of the option. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of equity instruments that are outstanding. The fair market price is the latest available closing price preceding the date of grant of the option, on the stock exchange on which the shares of the Bank are listed.

The options that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion. In respect of the options which expire unexercised the balance standing to the credit of Employee's Stock Option (Grant) Outstanding accounts is transferred to Profit & Loss Account.

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F. Revenue recognition

i) Interest Income is recognized on a time proportion accrual basis taking into account the amount outstanding and the interest rate implicit in the underlying agreements. Income or any other charges on non-performing assets or on assets taken in custody for recovery of loan through disposal of such assets during the period are recognized only when realized as per the IRAC norms of RBI. Any such income recognized and remaining unrealized, before the asset became non-performing or before disposal of assets in custody of the company, is reversed. Overdue interest is recognized on realization basis. Overdue interest is treated to accrue on realisation, due to the uncertainty of their realisation other than on running accounts where it is recognised when due.

ii) Service charges, fees and commission income are recognised when due except for guarantee commission and letter of credit which is recognised over the period of the guarantee / letter of credit.

iii) Income on discounted instruments are recognised over the tenure of the instrument on a constant yield basis.

iv) Loan origination income i.e. processing fee and other charges are collected upfront and recognised at the inception of the loan.

v) All other charges such as cheque return charges, legal charges, seizing charges, etc. are recognised on realisation basis. These charges are treated to accrue on realisation, due to the uncertainty of their realisation.

vi) Dividend income is recognized on an accrual basis when the right to receive the dividend is established.

vii) Interest income on deposits with banks and other financial institutions are recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.

viii) Interest income on investments is recognised on accrual basis.

ix) Assignment and Securitisation:

a) Income on assignment transactions done prior to RBI circular no. DBOD.No.BP.BC-103/21.04.177/2011-12 May 07, 2012.
In case of assignment of loan assets and related receivables "at par", income is accounted for by applying the interest rate implicit in such assigned contracts as reduced by Internal Rate of Return (IRR) committed to the purchaser of loan assets.

b) For transactions done after issuance of RBI circular no. DBOD.No.BP.BC-103/21.04.177/2011-12 May 07, 2012.
Gains arising on securitisation of assets is recognised over the tenure of securities issued by SPV as per guidelines on securitisation of standard assets issued by RBI. Income from excess interest spread is accounted for net of losses when redeemed in cash. Expenditure in respect of securitisation (except bank guarantee fees for credit enhancement) is recognised upfront. Bank guarantee fees for credit enhancement is amortised over the tenure of the agreements. Income arising on direct assignment is recognised over the tenure of agreement on accrual basis.

x) Amounts recovered against debts written off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the Profit and Loss Account.

xi) Fees received on sale of Priority Sector Lending Certificates is recognised on proportionate basis during the financial year and considered as Miscellaneous Income, in accordance with the guidelines issued by the RBI.

xii) Credit card annual fees are recognized on accrual basis.

G. Credit Card Reward Points
The Bank estimates the probable redemption of credit card reward points and cost per point using an actuarial method by employing an independent actuary, which includes assumptions such as mortality, redemption and spends.

H. Accounting for leases

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term is classified as operating leases. Operating lease rentals are recognised as an expense on straight-line basis over the lease period in accordance with the AS 19, Leases.

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I. Taxation

Tax expenses comprises of current income tax and deferred tax.

Income tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in Profit and Loss Account.

Deferred taxes

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Profit and Loss Account.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Bank has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

J. Accounting for provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provisions for liabilities on the outstanding reward points on credit card are made based on an independent actuarial valuation as at the Balance Sheet date and included in other liabilities and provisions.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Bank does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

K. Earnings Per Share (EPS)

Basic and diluted earnings per share is computed in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the period.

For the purpose of calculating diluted earnings per share, the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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L. Cash and Cash Equivalents

Cash and Cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

M. Fixed Assets

Property, Plant and Equipment/ Software/ Capital work-in-progress/ Software under development, Depreciation and Impairment

(i) Property, Plant and Equipment (PPE) and software

Property, Plant and Equipment and software are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use.

Gains or losses arising from derecognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Profit and Loss Account when the asset is derecognized.

(ii) Depreciation on Property, Plant and Equipment (PPE) and software:

Leasehold land is amortised on a straight-line basis over the period of lease.

Depreciation on Property, Plant, Equipment and software is charged on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management as given below. The useful lives have been estimated by the management based on technical advice obtained. Determination of useful life of an asset is a matter of judgment and based on various factors such as type and make of an item, its place and pattern of usage, nature of technology, obsolescence factors, availability of spares, etc. and makes a significant impact on the useful life of an asset.

Particulars	Useful Life (years)
Premises owned by the Bank	60
Furniture and Fixtures	10
Vehicles	8
Software	4-7
Computers, Printers, servers and other office equipment	3-6
ATMs	10
Safe, Locker and locker gate	15

Addition to lease hold premises are charged off over the remaining period of lease subject to maximum of 10 years.
Items individually costing up to ₹ 5,000 /- are fully depreciated in the year of installation/purchase. as the management estimates the useful life of such assets as one year.

Depreciation on assets acquired/sold during the period is recognised on a pro-rata basis to the Profit and Loss Account from/upto the date of acquisition/sale.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

(iii) Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(iv) Capital work-in-progress/ Software under development

Costs incurred towards acquisition of assets, including expenses incurred prior to those assets being put to use and directly attributable to bringing them to their working condition are included under "Capital Work in Progress". Capital Work in Progress and Software under development are stated at the amount incurred up to the date of Balance Sheet.

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N. Segment Reporting

Part A: Business segments

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by RBI. The Bank operates in the following segments:

(a) Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending and gains or losses on investment operations.

(b) Retail banking

The retail banking segment serves retail customers through a branch network and other delivery channels. This segment raises deposits from customers and provides loans and other services to customers with the help of specialist product groups. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof. Revenues of the retail banking segment are derived from interest earned on retail loans, fees from services rendered and income from credit card operation etc. expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.

(c) Wholesale banking

The wholesale banking segment provides loans and transaction services to large corporates, emerging corporates, public sector units, government bodies, financial institutions and medium scale enterprises. Revenues of the wholesale banking segment consist of interest earned on loans made to customers etc. The principal expenses of the segment consist of interest expense on funds borrowed from external sources, interest on deposits, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

(d) Other banking business

This segment includes income from para banking activities such as third party product distribution and the associated costs.

(e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes unallocable assets and liabilities such as deferred tax, prepaid expenses, etc.

Segment revenue includes earnings from customers. Segment result includes revenue less interest expense less operating expense and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Segment capital employed represents the net assets in that segment.

Part B: Geographic segments

The Bank operates in a single geographic segment i.e. domestic.

O. Share Issue Expenses

Share issue expenses are adjusted from Securities Premium Account as permitted by Section 52 of the Companies Act, 2013.

P. Accounting for Proposed Dividend

Dividend proposed/ declared including dividend distribution tax after the balance sheet date is accrued in the books of the Bank in the year in which the dividend is approved by the shareholders as per revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March 2016.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

Amounts in notes forming part of the financial statements for the year ended March 31, 2021 are denominated in rupee crore to conform to extant RBI guidelines.

A. Disclosures as Laid Down by RBI Circulars

1 Capital Adequacy Ratio

The Capital adequacy ratio ("CAR") has been computed as per operating guideline for Small Finance Bank in accordance with RBI Circular No. RBI/2016-17/81DBR. NBD.No.26/16.13.218/2016-17 dated October 6, 2016.

The Bank has followed Basel II standardized approach for credit risk in accordance with the Operating Guideline issued by the Reserve Bank of India for Small Finance banks. Further, the RBI vide its circular No. DBR.NBD.No. 4502/16.13.218/2017-18 dated November 8, 2017 has provided an exemption to all small Finance banks whereby no separate capital charge is prescribed for market risk and operational risk.

The total Capital Adequacy ratio of the Bank as at March 31, 2021 is 23.37% (previous year: 21.99%) against the regulatory requirement of 15.00% as prescribed by RBI.

The Bank has also considered an additional Risk Weight of 25% on assets under lien for its "grandfathered" legacy borrowings as per instructions received from RBI.

No Capital Conservation Buffer and Counter - Cyclical Capital Buffer is applicable on Small Finance Bank (SFB) as per operating guidelines issued on SFB by RBI.

The following table set forth, for the year indicated, computation of Capital adequacy:

(₹ in Crore)

Sr. No.	Particulars	March 31, 2021	March 31, 2020
(i)	Common Equity Tier 1 capital ratio (%)	21.53%	18.36%
(ii)	Tier I capital ratio (%)	21.53%	18.36%
(iii)	Tier II capital ratio (%)	1.84%	3.63%
(iv)	Total Capital Ratio (CRAR) (%)	23.37%	21.99%
(v)	Percentage of the shareholding of the Government of India in public sector banks	-	-
(vi)	Amount of equity capital raised*	657.98	545.72
(vii)	Amount of Additional Tier I capital raised; of which		
	Perpetual Non Cumulative Preference Shares (PNCPS)	-	-
	Perpetual Debt Instruments (PDI)	-	-
(viii)	Amount of Tier II capital raised; of which		
	Debt capital instruments:		
	Preferential capital instrument	-	-
	Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares	-	-

** During the year ended March 31, 2021, the Bank has received an amount of ₹ 625.50 Crore upon allotment of 50,00,000 equity shares of face value ₹ 10 each, at an issue price of ₹ 1251 per share pursuant to Qualified Institutional Placement (QIP).*

During the year ended March 31, 2020, the Bank has received an amount of ₹ 525.00 Crore (the "Balance Consideration") upon allotment of equity shares against 10,104,364 convertible warrants pursuant to exercise of option by the warrant holder. These warrants are converted into 10,104,364 equity share of the Bank of face value ₹ 10 each, at an issue price of ₹ 692.77 per share aggregating to ₹ 700.00 Crore out of which ₹ 175.00 Crore (the "Upfront Consideration") was received during the year ended March 31, 2019.

Further the Bank allotted 3,090,063 equity shares (previous year: 1,661,477 equity shares) aggregating to paid up share capital of ₹ 3.09 crore (previous year: ₹ 1.66 crore) and the reserves of the Bank have increased by ₹ 29.39 crore (previous year: ₹ 19.06 crore) in respect of stock options exercised.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

2 Investments

2.1 Detail of Investments

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	10,846.04	10,668.24
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	30.63	0.02
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	10,815.41	10,668.22
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	0.02	0.05
(ii) Add: Provisions made during the year*	30.63	0.02
(iii) Less: Write off / write back of excess provisions during the year*	0.02	0.05
(iv) Closing balance	30.63	0.02

**Movement of provisions held towards depreciation on investment on net basis during the year.*

2.2 Repo Transactions

Details of repo / reverse repo deals (in face value terms) (Including LAF and TREPS) entered during the year ended March 31, 2021

(₹ in Crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2021
Securities sold under repo :				
i. Government securities				
a. LAF Repo*	-	610.00	321.61	-
b. Triparty Repo (TREPS)	-	1,449.65	1,143.79	-
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo :				
i. Government securities				
a. LAF Repo	304.00	4,000.00	1,874.41	2,795.00
b. Triparty Repo (TREPS)	-	99.98	1.31	-
ii. Corporate debt securities	-	-	-	-

** LAF Repo also includes borrowing done from RBI under LTRO and TLTRO*

Details of repo / reverse repo deals (in face value terms) (Including LAF and TREPS) entered during the year ended March 31, 2020

(₹ in Crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2020
Securities sold under repo :				
i. Government securities				
a. LAF Repo	-	310.00	37.10	310.00
b. Triparty Repo (TREPS)	-	474.84	140.01	449.97
ii. Corporate debt securities	-	25.19	0.14	-
Securities purchased under reverse repo :				
i. Government securities				
a. LAF Repo	-	2,700.00	191.59	2,095.00
b. Triparty Repo (TREPS)	-	239.96	3.14	-
ii. Corporate debt securities	-	-	-	-

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

2.3 Non-SLR Investment portfolio

i) Issuer composition of Non SLR investments

Issuer-wise composition of non-SLR investments as at March 31, 2021:

(₹ in Crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities**
1	2	3	4	5	6	7
(i)	Public sector undertakings	305.22	98.21	-	-	-
(ii)	Financial institutions $	2,289.27	600.01	-	-	-
(iii)	Banks	104.17	74.51	-	-	-
(iv)	Private corporates	203.29	-	-	-	50.86
(v)	Subsidiaries / Joint Ventures	-	-	-	-	-
(vi)	Others #	132.69	132.69	-	-	-
(vii)	Provision held towards depreciation	-	-	-	-	-
	Total	3,034.64	905.42	-	-	50.86

Amounts reported under column 4, 5, 6 and 7 above are not mutually exclusive.

** Excludes investments in equity shares in line with extant RBI guidelines.*

*** Excludes investments in equity shares, Pass Through Certificates (PTC), Certificate of Deposit (CD), Security Receipts (SR) and Commercial Paper (CP) in line with extant RBI guidelines.*

$ NBFC and Mutual Funds are included in Financial Institutions.

 # Others includes PTC, Security Receipts (Net) and Equity Investment.

Issuer-wise composition of non-SLR investments as at March 31, 2020:

(₹ in Crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities*
1	2	3	4	5	6	7
(i)	Public sector undertakings	354.36	-	-	-	-
(ii)	Financial institutions	1,857.59	417.79	-	-	-
(iii)	Banks	154.64	94.98	-	-	-
(iv)	Private corporates	402.76	-	-	-	50.00
(v)	Subsidiaries / Joint Ventures	-	-	-	-	-
(vi)	Others**	255.66	255.66	-	-	-
(vii)	Provision held towards depreciation	-	-	-	-	-
	Total	3,025.01	768.43	-	-	50.00

Amounts reported under column 4, 5, 6 and 7 above are not mutually exclusive.

** Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates (PTC), security receipts, commercial papers, certificates of deposit, non-convertible debentures (NCDs) with original or initial maturity up to one year issued by corporate (including NBFC), unlisted convertible debentures and securities acquired by way of conversion of debt.*

*** Others include Investment in Pass Through Certificates (PTC).*

ii) Non performing Non-SLR Investments

The Bank does not have any Non performing Non-SLR investment as on March 31, 2021 and March 31, 2020.

2.4 Details of investments category - wise (Net of Provision for Depreciation)

The details of investments held under the three categories viz. Held for Trading (HFT), Available for Sale (AFS) and Held to Maturity (HTM) are as under:

(₹ in Crore)

Particular	As at March 31, 2021				As at March 31, 2020			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Government securities	4.89	975.32	6,800.56	7,780.77	10.47	2,592.25	5,040.49	7,643.21
Other approved securities	-	-	-	-	-	-	-	-
Shares	-	8.81	-	8.81	-	89.32	-	89.32
Debentures and bonds	-	2,233.69	-	2,233.69	-	2,137.99	-	2,137.99
Subsidiary/Joint ventures	-	-	-	-	-	-	-	-
Others*	-	792.14	-	792.14	300.00	497.70	-	797.70
Total	4.89	4,009.96	6,800.56	10,815.41	310.47	5,317.26	5,040.49	10,668.22

**Others Investment includes Certificate of Deposits amounting of ₹ 173.71 Crore (previous year: ₹ 94.98 Crore), Commercial Papers of ₹ 293.45 Crore (previous year: ₹ 147.07 Crore), Mutual fund Units of ₹ 199.99 Crore (previous year: ₹ 300.00 Crore), PTC of ₹ 122.92 Crore (previous year: ₹ 255.66 Crore) and Security receipts ₹ 2.07 Crore (previous year: ₹ Nil).*

Figures Reported above are Net of Provision (Depreciation/NPI)

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2.5 Sale and Transfers to / from HTM Category

During the year ended March 31, 2021 and the previous year ended March 31, 2020 the Bank has not sold and transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM.

3 Derivatives / Exchange traded Interest derivatives / Risk exposures in derivatives

The bank has not entered into any derivative instruments for trading / speculative purposes either in Foreign Exchange or domestic treasury operations and Bank does not have any Forward Rate Agreement or Interest rate swaps during the year ended March 31, 2021 and March 31, 2020.

4 Asset Quality

4.1 Movement in NPAs (On fund based portfolio)

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
(i) Net NPAs to Net Advances (%)	2.18%	0.81%
(ii) Movement of NPAs (Gross)		
Gross NPAs as on 1st April (opening balance)	457.78	470.14
Additions (Fresh NPAs) during the year*	1,285.78	617.03
Sub-total (A)	**1,743.56**	**1,087.17**
Less: Reductions during the year		
(i) Upgradations*	96.52	525.73
(ii) Recoveries (excluding recoveries made from upgraded accounts)	29.60	56.53
(iii) Technical / Prudential Write-offs	-	2.05
(iv) Write-offs other than those under (iii) above	114.61	45.08
Sub-total (B)	240.73	**629.39**
Gross NPAs as on 31st March (closing balance) (A-B)	**1,502.83**	**457.78**
(iii) Movement of Net NPAs		
(a) Opening balance	217.30	294.50
(b) Additions during the year	604.21	402.65
(c) Reductions during the year	(66.05)	(479.85)
(d) Closing balance	**755.46**	**217.30**
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	240.48	175.64
(b) Provisions made during the year	681.57	214.38
(c) Write-offs / Write-back of excess provisions	(174.68)	(149.54)
(d) Closing balance	**747.37**	**240.48**

**Additions and deletions does not include loans which have become NPA during the month and subsequently moved out of NPA in the same month.*

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

4.2 Disclosure on accounts subjected to restructuring for the year ended March 31, 2021:

(₹ in Crore, except numbers)

Sr No.	Type of Restructuring / Asset Classification → / Details ↓		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	2	5	-	7	-	2	5	-	7
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	0.06	0.97	-	1.03	-	0.06	0.97	-	1.03
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.01	0.97	-	0.98	-	0.01	0.97	-	0.98
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	2	543	4	1	550	2	543	4	1	550
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	61.30	59.31	0.25	0.12	120.98	61.30	59.31	0.25	0.12	120.98
		Provision thereon	-	-	-	-	-	-	-	-	-	-	3.05	29.58	0.22	0.12	32.97	3.05	29.58	0.22	0.12	32.97
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	(1)	-	-	1	-	(1)	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	0.19	-	(0.20)	-	(0.01)	0.19	-	(0.20)	-	(0.01)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.01	-	(0.20)	-	(0.19)	0.01	-	(0.20)	-	(0.19)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	(3)	3	-	-	-	(3)	3	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	(0.09)	0.08	-	(0.01)	-	(0.09)	0.08	-	(0.01)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(0.03)	0.07	-	0.04	-	(0.03)	0.07	-	0.04
6	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31 of the year (closing figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	3	542	11	1	557	3	542	11	1	557
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	61.49	59.28	1.10	0.12	121.99	61.49	59.28	1.10	0.12	121.99
		Provision thereon	-	-	-	-	-	-	-	-	-	-	3.06	29.56	1.06	0.12	33.80	3.06	29.56	1.06	0.12	33.80

** Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)*

** Excluding the figures of Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances and restructuring due to Covid (Refer Note No. 39 and 50 respectively).*

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

4.2 Disclosure on accounts subjected to restructuring for the year ended March 31, 2020:

(₹ in Crore, except numbers)

Sr No.	Type of Restructuring / Asset Classification → / Details ↓		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	3	-	5	-	8	3	-	5	-	8
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	0.48	-	1.04	-	1.52	0.48	-	1.04	-	1.52
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.02	-	0.39	-	0.41	0.02	-	0.39	-	0.41
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	2	-	-	2	-	2	-	-	2
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	0.06	-	-	0.06	-	0.06	-	-	0.06
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.01	-	-	0.01	-	0.01	-	-	0.01
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(3)	-	-	-	(3)	(3)	-	-	-	(3)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(0.48)	-	-	-	(0.48)	(0.48)	-	-	-	(0.48)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(0.02)	-	-	-	(0.02)	(0.02)	-	-	-	(0.02)
5	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	(0.07)	-	(0.07)	-	-	(0.07)	-	(0.07)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	0.58	-	0.58	-	-	0.58	-	0.58
6	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31 of the year (closing figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	2	5	-	7	-	2	5	-	7
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	0.06	0.97	-	1.03	-	0.06	0.97	-	1.03
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.01	0.97	-	0.98	-	0.01	0.97	-	0.98

** Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)*

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4.3 Details of Financial Assets sold during the year to Securitisation / Reconstruction Companies (SC/RC) for Asset Reconstruction

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
No. of Accounts	2,479	-
Aggregate value (net of provisions) of accounts sold to SC / RC	7.99	-
Aggregate consideration	30.89	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/(loss) over net book value	22.90	-

4.4 Details of book value of investment in security receipts (SRs) backed by NPAs year ended March 31, 2021

(₹ in Crore)

Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	Total
(i) Backed by NPAs sold by the bank as underlying	24.97	-	-	24.97
Provision held against (i)	22.90	-	-	22.90
(ii) Backed by NPAs sold by other banks / financial institutions /non banking financial companies as underlying	-	-	-	-
Provision held against (ii)	-	-	-	-
Total book value of investments in security receipts (i+ii)	24.97	-	-	24.97

Details of book value of investment in security receipts (SRs) backed by NPAs year ended March 31, 2020

(₹ in Crore)

Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	Total
(i) Backed by NPAs sold by the bank as underlying	-	-	-	-
Provision held against (i)	-	-	-	-
(ii) Backed by NPAs sold by other banks / financial institutions /non banking financial companies as underlying	-	-	-	-
Provision held against (ii)	-	-	-	-
Total book value of investments in security receipts (i+ii)	-	-	-	-

4.5 Details of non-performing assets purchased/sold excluding those sold to SC/RC

The Bank did not sell / buy non-performing assets during the year and previous year (Does not includes clean up call option exercised on Securitised portfolio).

4.6 Provisions on Standard Assets

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Provision towards Standard Assets*	188.13	121.03

**March 31, 2021: Excluding contingency provisions of ₹ 101.88 crores as at March 31, 2021, for the accounts restructured under RBI Resolution framework and against any further potential impact of COVID-19.*
March 31, 2020: Excluding general provision of ₹ 138.38 crore made by Bank in respect of accounts in default but standard against the potential impact of COVID-19.

5 **Business Ratios**

Particulars	March 31, 2021	March 31, 2020
i. Interest Income as a percentage to Working Funds	11.01%	11.91%
ii. Non interest income as a percentage to Working Funds	3.23%	1.96%
iii. Operating Profit as a percentage to Working Funds	4.80%	3.33%
iv. Return on Assets	2.50%	1.81%
v. "Business" (deposits plus advances) per employee (₹ in crore)	2.93	3.00
vi. Profit per employee (₹ in crore)	0.06	0.05

Definitions of certain items in Business ratios / information:

1.Working funds to be reckoned as monthly average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949.

2. Operating profit = (Interest Income + Other Income – Interest expenses – Operating expenses).

3. Return on Assets has been calculated on yearly average of total assets.

4. "Business" is the total of monthly average of net advances and deposits (net of inter-bank deposits).

5. Productivity ratios (Business per employee and Profit per employee) are based on monthly average of employees count.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports and has been furnished by the Management which has been relied upon by the auditors.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

6 Asset Liability Management

Maturity pattern of certain items of assets and liabilities

As at March 31, 2021

(₹ in Crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15-30 days	31 days & upto 2 months	More than 2 months and upto 3 months	Over 3 months & upto 6 months	Over 6 month & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	175.51	1,792.06	1,484.88	1,213.48	1,776.92	1,262.08	3,477.58	8,994.13	15,361.24	317.05	124.38	35,979.31
Advances	16.97	454.41	579.55	361.79	825.03	919.59	2,417.18	4,530.84	13,380.38	5,622.26	5,500.91	34,608.91
Investments	2,720.16	136.93	236.32	268.85	330.88	525.44	1,109.69	1,510.83	3,763.82	120.63	91.86	10,815.41
Borrowings	1.51	251.26	379.01	95.20	742.50	276.38	1,370.22	1,310.58	1,793.54	764.04	45.46	7,029.70
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-	-

As at March 31, 2020

(₹ in Crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15-30 days	31 days & upto 2 months	More than 2 months and upto 3 months	Over 3 months & upto 6 months	Over 6 month & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	100.96	947.85	1,034.59	824.86	1,744.82	1,980.83	3,631.26	8,110.79	7,594.92	165.91	27.14	26,163.93
Advances	1.23	20.44	50.03	43.44	28.40	1,204.18	2,181.50	4,043.39	11,500.66	4,300.83	3,618.30	26,992.42
Investments	2,788.50	555.21	176.67	367.32	339.13	416.54	997.81	1,888.14	2,930.07	43.68	165.14	10,668.22
Borrowings	7.94	694.97	75.76	145.20	467.70	596.97	1,168.45	1,872.77	4,280.14	525.42	500.00	10,335.32
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-	-

In computing the above information, certain estimates and assumptions have been made by the Bank's Management which have been relied upon by the auditors.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

7 **Exposures**

7.1 Exposure to real estate sector

(₹ in Crore)

Category	March 31, 2021	March 31, 2020
(a) Direct exposure		
(i) Residential Mortgages– Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Includes Individual housing loans eligible for inclusion in priority sector advances as at March 31, 2021 ₹ 916.80 crore and as at March 31, 2020 ₹ 340.69 crore)	1,234.02	450.22
(ii) Commercial Real Estate– Lending secured by mortgages on commercial real estate (office buildings, retail space, multi purpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non fund based (NFB) limits	1,301.64	900.01
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures–		
(a) Residential	-	-
(b) Commercial Real Estate	-	-
Total (A)	**2,535.66**	**1,350.23**
(b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	913.16	1,028.68
Total (B)	**913.16**	**1,028.68**
Total Exposure to Real Estate Sector (A+B)	**3,448.82**	**2,378.91**

Out of the total loans given against the mortgage of any real estate, only those loans have been classified as an exposure to commercial real estate, the prospects for repayment in respect of which depend primarily on the cash flows generated by such mortgaged asset.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports which has been furnished by the Management and has been relied upon by the auditors.

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7.2 Exposure to Capital Market

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	8.81	89.32
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds.	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances.	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	83.05	136.00
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
(vii) Bridge loans to companies against expected equity flows / issues.	-	-
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	-	-
(ix) Financing to stockbrokers for margin trading.	-	-
(x) All exposures to Venture Capital Funds (both registered and unregistered).	-	-
Total Exposure to Capital Market	**91.86**	**225.32**

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports which has been furnished by the Management and has been relied upon by the auditors.

7.3 Details of risk category wise country exposure

The Bank does not have any country risk exposure other than "home country exposures" and accordingly, no provision is maintained with regard to country risk exposure (previous year Nil).

7.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the bank

During the year ended March 31, 2021 and March 31, 2020, the Bank has not exceeded the prudential credit exposure limit as prescribed by the Reserve Bank of India in respect of Single Borrower and Group Borrowers.

7.5 Unsecured Advances

The Bank has not extended any advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. (Previous year Nil). The unsecured advances of ₹ 1,540.71 crore (previous year: ₹ 806.24 crore) as disclosed in Schedule 9 are without any collateral security.

8 Penalties levied by the RBI

During the year ended March 31, 2021, RBI has not imposed any penalty (previous year: ₹ 0.001 crore for not exchanging soiled notes at a branch).

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

9 Breakup of "Provisions and Contingencies" recognised in the Profit and Loss Account comprise:

(₹ in Crore)

Sr No.	Particular	March 31, 2021	March 31, 2020
(i)	Provision for Non performing advances#	506.80	64.75
(ii)	Provision for Depreciation on Investments	30.61	(0.04)
(iii)	Provision for Income Tax	347.72	268.92
(iv)	Provision for Deferred Tax	(59.90)	(29.73)
(v)	Non performing Advances written off	131.87	51.80
(vi)	Provision on Standard Advances	67.10	27.83
(vii)	Other Provision and Contingencies*	(36.32)	138.86
	Total Provisions and Contingencies	**987.88**	**522.39**

#Consequent to outbreak of the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India. Accordingly, the Bank has made accelerated provision amounting to ₹ 279.07 crore on existing Gross Non-Performing Assets as on March 31, 2021.

**March 31, 2021: Includes contingency provisions of ₹ 101.88 crores as at March 31, 2021 for the accounts restructured under RBI Resolution framework and against any further potential impact of COVID-19, netted off with general provision of ₹ 138.38 crore made by Bank as on March 31,2020.*
March 31, 2020: Includes general provision of ₹ 138.38 crore made by Bank in respect of accounts in default but standard against the potential impact of COVID-19.

10 Floating provision

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
(a) Opening balance in the floating provisions account	-	-
(b) The quantum of floating provisions made in the accounting year	-	-
(c) Amount of draw down made during the accounting year	-	-
(d) Closing balance in the floating provisions account	-	-

11 Draw down from reserves

There has been no draw down from reserves during the year ended March 31, 2021 and March 31, 2020 other than those disclosed under Schedule 2. Share premium has been utilised for share issue expenses as per RBI approval received before adoption of financial statement.

12 Disclosure for Customer Complaints

(A) Complaints received by the bank from its customers

(i) Customer complaints other than ATM transaction disputes:

S.No.	Particular	March 31, 2021	March 31, 2020
1	No. of complaints pending at the beginning of the year	204	763
2	No. of complaints received during the year	8453	18002
3	No. of complaints redressed during the year	8402	18561
3.1	No. of complaints rejected by the bank (out of point 3)	2889	2703
4	No. of complaints pending at the end of the year	255	204

(ii) ATM transaction disputes relating to the Bank's customers on bank's ATMs:

S.No.	Particular	March 31, 2021	March 31, 2020
1	No. of complaints pending at the beginning of the year	1	6
2	No. of complaints received during the year	4412	3682
3	No. of complaints redressed during the year	4384	3687
3.1	No. of complaints rejected by the bank (out of point 3)	330	106
4	No. of complaints pending at the end of the year	29	1

(iii) ATM transaction disputes relating to the Bank's customers on other bank's ATMs:

S.No.	Particular	March 31, 2021	March 31, 2020
1	No. of complaints pending at the beginning of the year	32	126
2	No. of complaints received during the year	9502	9370
3	No. of complaints redressed during the year	9435	9464
3.1	No. of complaints rejected by the bank (out of point 3)	1793	1538
4	No. of complaints pending at the end of the year	99	32

(iv) Total customer complaints and ATM transaction disputes [total of tables (i), (ii) and (iii) above]:

S.No.	Particular	March 31, 2021	March 31, 2020
1	No. of complaints pending at the beginning of the year	237	895
2	No. of complaints received during the year	22367	31054
3	No. of complaints redressed during the year	22221	31712
3.1	No. of complaints rejected by the bank (out of point 3)	5012	4347
4	No. of complaints pending at the end of the year	383	237

Includes complaints received from Banking Ombudsman (BO) and out of 383 (previous year : 237) pending complaints, all redressed before Board meeting except 24 (previous year : 3) complaints.

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(B) Maintainable complaints received by the bank from OBOs

S.No.	Particular	March 31, 2021	March 31, 2020
1	Number of maintainable complaints received by the bank from OBOs	89	111
1.1	Of point 1, number of complaints resolved in favour of the bank by BOs	88	111
1.2	Of point 1, number of complaints resolved through conciliation / mediation / advisories issued by BOs	1	0
1.3	Of point 1, number of complaints resolved after passing of Awards by BOs against the bank.	Nil	Nil
2	Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

(C) Top five grounds of complaints received by the bank from customers

For the year ended March 31, 2021

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
ATM/Debit Cards	133	19050	-22%	318	4
Internet /Mobile / Electronic Banking.	0	251	-95%	0	0
Loans and advances	1	93	-54%	3	0
Staff behaviour	1	61	33%	0	0
Account opening /difficulty in operation of accounts	0	47	-28%	3	0
Others	102	2865	182%	59	15
Total	**237**	**22367**	**-28%**	**383**	**19**

For the year ended March 31, 2020

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
ATM/Debit Cards	840	24351	5%	133	1
Internet /Mobile / Electronic Banking	46	5352	49%	0	0
Loans and advances	1	204	-63%	1	0
Levy of charges without prior notice/excessive charges/foreclosure charge	0	66	-49%	1	0
Account opening /difficulty in operation of accounts	1	65	-89%	0	0
Others	7	1016	25%	102	3
Total	**895**	**31054**	**7%**	**237**	**4**

The above details are as furnished by the Management and relied upon by the Auditors.

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13 Disclosure of Letters of Comfort (LoC) issued by the Bank

The Bank has not issued any Letter of Comfort during the period ended March 31, 2021 and March 31, 2020.

14 Provisioning Coverage Ratio

The Provision Coverage Ratio (PCR) (excluding standard assets provision and general provision on advances due to COVID-19) of the Bank is 49.81% as at March 31, 2021 (previous year: 52.78%).

15 Bancassurance Business

Commission, Exchange and Brokerage in Schedule 14 include the following fees earned on Bancassurance business:

(₹ in Crore)

Nature of Income	March 31, 2021	March 31, 2020
Towards selling of life insurance policies	19.56	17.55
Towards selling of non life insurance policies	12.62	13.02
Towards selling of mutual fund and other products*	2.60	0.48

**Includes income earned from Atal Pension yojana (APY) of ₹ 0.10 crore (Previous Year: NIL) and National pension scheme (NPS) of ₹ 0.0005 crore (Previous Year: NIL)*

16 Concentration of deposits, advances, exposures and NPAs

(i) Concentration of Deposits

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Total Deposits of twenty largest depositors*	5,884.45	6,125.75
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	16.36%	23.41%

**Includes certificate of deposits*

(ii) Concentration of Advances

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Total Advances to twenty largest borrowers	1,255.07	1,026.32
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	3.35%	3.79%

Advances comprise of credit exposure (funded and non-funded credit limits) excluding other exposure of security placed with CCIL on account of limit for TREPS transaction of ₹ 440 crores.
The Bank has compiled the data for the purpose of this disclosure from its internal MIS system which has been relied upon by the auditors.

(iii) Concentration of Exposures

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Total Exposure to twenty largest borrowers / customers	2,884.01	2,420.45
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the bank on borrowers / customers	7.12%	8.05%

Exposures comprise of credit exposure (funded and non-funded credit limits) and investment exposure excluding other exposure of security placed with CCIL on account of limit for TREPS transaction of ₹ 440 crores.
The Bank has compiled the data for the purpose of this disclosure from its internal MIS system which has been relied upon by the auditors.

(iv) Concentration of NPAs

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Total Exposure to top four NPA accounts	29.83	26.97

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

17 Sector wise advances

(₹ in Crore)

Sr. No.	Sector	March 31, 2021		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	**Priority Sector***			
1	Agriculture and allied activities	6,738.20	213.14	3.16%
2	Advances to industries sector eligible as priority sector lending	2,830.95	94.83	3.35%
	Wood and Wood Products	313.16	10.72	3.42%
	Engineering	518.29	25.00	4.82%
	Gems and Jewellery	443.31	11.72	2.64%
	Infrastructure	410.36	15.08	3.67%
3	Services	14,537.45	919.19	6.32%
	Transport Operators	2,832.25	266.95	9.43%
	Trade	5,844.52	370.68	6.34%
4	Personal loans	832.28	5.84	0.70%
	Housing Loan	832.14	5.84	0.70%
	Sub total (A)	**24,938.88**	**1,233.00**	**4.94%**
B	**Non Priority Sector**			
1	Agriculture and allied activities	-	-	0.00%
2	Industry	252.17	5.81	2.30%
	Wood and Wood Products	28.28	0.60	2.12%
	Engineering	44.73	0.97	2.17%
	Gems and Jewellery	34.00	0.52	1.53%
	Infrastructure	2.03	-	0.00%
3	Services	6,887.53	186.81	2.71%
	Transport Operators	681.48	55.12	8.09%
	Trade	2,747.81	35.70	1.30%
4	Personal loans	3,277.71	77.21	2.36%
	Housing Loan	287.46	2.43	0.85%
	Vehicle Loans	1,444.22	47.87	3.31%
	Advances against Fixed Deposits	865.53	-	0.00%
	Sub-total (B)	**10,417.41**	**269.83**	**2.59%**
	Total (A+B)	**35,356.29**	**1,502.83**	**4.25%**

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

(₹ in Crore)

Sr. No.	Sector	March 31, 2020		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	**Priority Sector***			
1	Agriculture and allied activities	3,815.27	67.17	1.76%
2	Advances to industries sector eligible as priority sector lending	2,111.06	27.17	1.29%
	Wood and Wood Products	212.40	3.44	1.62%
	Engineering	385.93	4.75	1.23%
	Gems and Jewellery	325.08	1.97	0.61%
	Infrastructure	386.62	2.25	0.58%
3	Services	13,944.70	276.24	1.98%
	Transport Operators	2,736.76	60.13	2.20%
	Trade	6,883.74	144.18	2.09%
4	Personal loans	341.84	0.91	0.27%
	Housing Loan	340.69	0.91	0.27%
	Advances against Fixed Deposits	1.00	-	0.00%
	Sub total (A)	**20,212.87**	**371.49**	**1.84%**
B	**Non Priority Sector**			
1	Agriculture and allied activities	-	-	0.00%
2	Industry	67.78	0.32	0.47%
	Wood and Wood Products	9.93	0.06	0.62%
	Engineering	9.83	0.02	0.23%
	Gems and Jewellery	6.16	0.01	0.21%
	Infrastructure	2.36	-	0.00%
3	Services	4,348.18	74.71	1.72%
	Transport Operators	591.99	6.16	1.04%
	Trade	447.63	14.98	3.35%
4	Personal loans	2,604.07	11.26	0.43%
	Housing Loan	109.54	-	0.00%
	Vehicle Loans	1,125.33	8.88	0.79%
	Advances against Fixed Deposits	809.54	-	0.00%
	Sub-total (B)	**7,020.03**	**86.29**	**1.23%**
	Total (A+B)	**27,232.90**	**457.78**	**1.68%**

**Priority sector outstanding total advances includes ₹ 14,700.00 crore (previous year : ₹ 15,504.75 crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC).*

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports which has been furnished by the Management and has been relied upon by the auditors.

18 Technical or prudential write-offs

Technical or prudential write-offs refer to the amount of non-performing assets which are outstanding in the books of the branches, but have been written-off (fully or partially) at the head office level. The financial accounting systems of the Bank are integrated and there are no write-offs done by the Bank which remain outstanding in the books of the branches. Movement in the stock of technically or prudentially written-off accounts is given below:

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Opening balance of technical / prudential write-offs	2.41	-
Add: Technical / Prudential write-offs during the year	-	2.41*
Sub total (A)	2.41	2.41
Less: Recoveries made from previously technically / prudentially written-off accounts during the year **(B)**	-	-
Closing balance of technical / prudential write-offs **[(A)-(B)]**	2.41	2.41

** Includes two loans which direclty classified into technical written off from standard assets classification during the year amounting to ₹ 0.36 crore.*

19 Overseas assets, NPAs and revenue

The Bank does not have any overseas branches and hence the disclosure regarding overseas assets, NPAs and revenue is not applicable (Previous Year : Nil).

20 Off Balance Sheet SPVs sponsored

There are no Off-Balance Sheet SPVs sponsored by the Bank, which need to be consolidated as per accounting norms.

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21 Disclosures on remuneration

Qualitative Disclosures:

(a) Information relating to the composition and mandate of the Nomination and Remuneration Committee:

In compliance of Companies Act 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Banking Regulation Act 1949 and other guidelines as applicable, the Board of Directors has constituted Nomination and Remuneration Committee (NRC) to oversee the framing, review, and implementation of the Compensation Policy of the Bank. This committee works in coordination with Risk Management Committee & Audit Committee of the Board, for achieving effective alignment between risk and remuneration.

As on March 31, 2021, the Nomination and Remuneration Committee consist of Non-Executive (independent) Directors and the said composition is in line with the applicable guidelines.

The Composition of NRC committee is as follows:

- Mr. M S Sriram - Independent Director (Chairman)
- Mr. Krishan Kant Rathi - Independent Director
- Ms. Jyoti Narang - Independent Director

Note:

- The composition of NRC committee was revised on 12th March 2021, Mr. M S Sriram was designated as Chairman & member of the NRC committee, Mr. Raj Vikash Verma ceased to be member and Mr. Krishan Kant Rathi was designated as member in place of Chairman of the committee w.e.f. 12th March 2021.
- All members of Nomination & Remuneration Committee are also member of Risk Management Committee of the Board.

The roles and responsibilities of the Nomination and Remuneration Committee (NRC) are as under:

(i) Assist the Board in formulation and implementation of compensation policy and lay down the criteria for remuneration of directors, Key Management Personnel (KMPs) and Senior Management Personnel (SMPs), Material Risk Takers (MRTs), Control Function Staff and other employees.

(ii) Take inputs from the Risk Management Committee of the Board to ensure balance between remuneration and risks as required. The committee shall ensure that the mix of Fixed and Variable forms of compensation is consistent with risk alignment and objectives of the Bank.

(iii) Lay down the comprehensive criteria for assessment in terms of qualifications, positive attributes, independence, professional experience, track record, integrity and considering other parameters for appointment of directors, KMPs and SMPs.

(iv) Develop policies and lay down criteria for appointment/removal/reappointment of the Directors of the Board capturing the statutory and regulatory requirements.

(v) Assist in defining the performance evaluation criteria for Directors and other KMPs and ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

(vi) Ensure that the compensation policy formulated for remuneration of Directors, KMPs and SMPs is reasonable and sufficient to attract, retain and motivate quality talent required to run the Bank.

(vii) Ensure Bank's compensation policy provides a fair and consistent basis for motivating and rewarding employees appropriately according to their performance, job profile, their contribution, skill, and competence and also review compensation levels of the Bank's employees vis-à-vis other banks and the banking industry in general.

(viii) Ensure that the compensation for directors, KMPs, SMPs is a mix of fixed and variable pay and such compensation that reflects short and long-term performance objectives appropriate to the working and the goals of the Bank.

(ix) Ensure that appropriate procedures are in place to assess Board effectiveness and also provide the suggestions on governance to the Board of directors.

(x) Review and oversee the Employee Benefits program of the Bank including deferred benefits and

(xi) Assessing the integrity and suitability, financial position, cross check of any criminal records, civil actions undertaken, refusal of admission to or expulsion from professional bodies, sanctions applied by regulators or similar bodies and previous questionable business practice are considered for a candidate.

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(b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

Designing and structuring of Remuneration process is governed by the Compensation Policy of the Bank, and below are the key features and objectives of the policy :

• Establish standards on compensation/ remuneration including fixed and variable pay covering share-linked instruments, which are in alignment with the applicable rules and regulations and is based on the trends and practices of remuneration prevailing in the industry.
• Retain, motivate, and promote talent and to ensure long term sustainability of talented Director, KMP, SMP, MRT, Control Function Staff and other employees as applicable.
• Define internal guidelines for payment of other reimbursement to the Directors and KMPs.
• Institutionalize a mechanism for the appointment/ removal/ resignation/evaluation of performance of Directors
• Perform such functions as are required to be performed by the Nomination and Remuneration committee under the SEBI (Share Based Employee Benefits) Regulations, 2014, including the following:
(a) administering the ESOP plans;
(b) determining the eligibility of employees to participate under the ESOP plans;
(c) granting options to eligible employees and determining the date of grant;
(d) determining the number of options to be granted to an employee;
(e) determining the exercise price under the ESOP plans and
• Ensure compliance with applicable laws, rules, and regulations as well as 'Fit and Proper criteria' of directors before their appointment.

(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:

The Key parameters taken into account for the structuring of remuneration covering fixed pay and variable pay are mentioned below:

(i) Risk factors that are significant to the Banking operations of the Bank are taken into consideration in devising the remuneration structure and it is symmetric to the risk outcomes.

(ii) Compensation payout is scheduled in manner where sensitivity to time horizon of risks is taken into consideration in the review process.

(iii) Individual performance is reviewed on the basis of Key Responsibility Areas (KRAs) and the review is carried out under the Annual Performance Review (APR) of the Bank.

(iv) Industry Benchmarking, inflation and increase of cost of living.

In addition, it includes a 'malus' and 'clawback' option to take care of any disciplinary issue or future drop in performance of individual/ business/ Bank.

(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

Individual performances are assessed in line with business/ individual delivery of the Key responsibility Areas (KRAs), top priorities of business, budgets, and overall contribution to the organisation etc. The goal sheet is in place in Human Capital Management (HCM) Software and the evaluation of annual performance is carried out in the same.

In linking the performance and level of remuneration, the job roles, levels, business budgets, risk factors, achievement of individual KRAs are taken into consideration for taking decision in this regard.

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(e) **A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:**

In compliance of RBI Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff dated 4th November 2019 Bank has formulated Compensation Policy that covers all aspects of the compensation structure such as Fixed pay, Variable Pay and deferral pay.

The Variable Pay of senior executives, including WTDs, and other employees who are MRTs shall be deferred over the period so that compensation is adjusted for all types of risks that organisation may be exposed to.

The deferral period shall be a minimum of three years. This would be applicable for both the cash and non-cash components of the variable pay :

a) A minimum of 60% of the total variable pay must invariably be under deferral arrangements.

b) If cash component is part of variable pay, at least 50% of the cash bonus shall also be deferred and where the cash component of variable pay is under ₹ 0.25 crore in a year, deferral requirements shall not be applicable.

c) Deferred remuneration should either vest fully at the end of the deferral period or be spread out over the course of the deferral period. The first such vesting should be not before one year from the commencement of the deferral period and shall not take place more frequently than on a yearly basis.

d) The vesting should be no faster than on a pro rata basis.

The adjustment of Variable Pay before and after the vesting shall be considered in the event of subdued or negative financial performance of the bank and/or the relevant line of business in any year and the malus/clawback arrangements shall be invoked subject to due assessment.

(f) **Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms:**

The Variable pay consist of Cash, Share linked Instrument and same is decided considering risk factors, job profile, level of performance and industry norms to ensure that employee morale is high and to promote consistency in performance over the time horizon.

The breakup of variable remuneration is the follows:

Variable Pay: Variable pay compensation is paid depending upon the performance of the Employees against set key responsibility areas (KRAs) and it is ensured that there is a proper balance between fixed pay and variable pay while devising the remuneration structure.

(a) A substantial proportion of compensation i.e., at least 50%, should be variable and paid on the basis of individual, business performance & other parameters and this shall not be applicable on risk control function staff.

(b) In case variable pay is:

- Up to 200% of the fixed pay, a minimum of 50% of the variable pay should be via non-cash instruments.
- Above 200%, a minimum of 67% of the variable pay should be via non-cash instruments.
- shall be limited to a maximum of 300% of the fixed pay; (for the relative performance measurement period).

(c) In the event that an executive is barred by statute or regulation from grant of share-linked instruments, his/her variable pay will be capped at 150% of the fixed pay but shall not be less than 50% of the fixed pay.

(d) The deterioration in the financial performance of the Bank shall generally lead to a contraction in the total amount of variable compensation, which can even be reduced to zero and the proportion of variable pay shall be higher depending on the higher responsibility at higher level.

Share-linked Instruments: Share-linked Instruments consisting of ESOPs or other linked instruments which shall be forming part of variable pay.

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Quantitative Disclosures:

Sr. No.	Subject	March 31, 2021	March 31, 2020
(g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members	Number of meetings: 8	Number of meetings: 5
		Remuneration paid: Sitting fee of ₹ 30,000 for each meeting attended	Remuneration paid: Sitting fee of ₹ 30,000 for each meeting attended
(h)	Number of employees having received a variable remuneration award during the financial year	13 Employees	12 Employees (As identified in FY 2020-21)
	Number and total amount of sign-on/joining bonus made during the financial year	Nil	Nil
	Details of severance pay, in addition to accrued benefits, if any	Nil	Nil
(i)	Total amount of outstanding deferred remuneration, split into cash, types of share-linked instruments and other forms	**Cash:** • Variable Pay (Performance bonus) of ₹ 1.32 crore for FY 2019-20 for Mr. Sanjay Agarwal, MD & CEO is pending with RBI for approval. • Variable Pay (Performance bonus) of ₹ 0.86 crore for FY 2019-20 for Mr. Uttam Tibrewal, WTD is pending with RBI for approval. **ESOP:** Outstanding ESOPs : 15,41,744 ESOPs	**Cash:** ₹ 0.26 crore variable pay is pertaining to performance of Mr. Uttam Tibrewal for FY 2017-18 and the same was pending to be released as on March 31, 2020 and ₹ 0.30 crore variable pay is pertaining to performance of him for FY 2018-19 and the same is to be paid in FY 2020-21. **ESOP:** Outstanding ESOPs : 18,77,067 ESOPs
	Total amount of deferred remuneration paid out in the financial year	**Cash:** Mr. Uttam Tibrewal WTD was paid Variable Pay (performance bonus) of ₹ 0.30 Crore and ₹ 0.26 crore in FY 2020-21 pertaining to his performance FY 2018-19 and FY 2017-18 respectively. **ESOP:** ESOPs exercised : 22,91,142 ESOPs	**Cash:** ₹ 0.45 crore variable pay is pertaining to performance of Mr. Sanjay Agarwal for FY 2017-18 and ₹ 0.91 crore, ₹ 0.39 crore and ₹ 0.45 crore is variable pay pertaining to performance of Mr. Uttam Tibrewal for FY 2016-17, 2017-18 and 2018-19 respectively. **ESOP:** ESOPs exercised : 2,46,721 ESOPs

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Quantitative Disclosures:

Sr. No.	Subject	March 31, 2021	March 31, 2020
(J)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	**Total fixed salary:** • ₹ 13.97 crore (inclusive of fixed pay of Mr. Sanjay Agarwal- MD & CEO which has been voluntary relinquished by him). **Deferred Variable Pay:** • ESOPs granted during the financial year: 2,32,376 ESOPs amounting to ₹ 7.89 crore. (inclusive of 99,800 ESOPs under ESOP Scheme 2018 that were granted to Mr. Uttam Tibrewal for performance of FY 2019-20 and which is pending with RBI for approval). • The Variable Pay (performance bonus) of ₹ 0.30 crore and ₹ 0.26 crore for FY 2018-19 and FY 2017-18 respectively paid in FY 2020-21 to Mr. Uttam Tibrewal. • The Bank has granted 38,702 and 10,18,758 stock options on October 27, 2017 under Plan A3 and Plan B5, respectively, to WTD which were pending for RBI Approval. During the year ended March 31, 2021, RBI pursuant to its letter intimated the Bank that the ESOPs granted to WTD pertains to the period prior to his appointment as the whole-time director of the Bank and thus, the approval of RBI is not required, and the Board of Directors of the Bank may take appropriate decision in this regard subject to adherence to statutory norms, as applicable. Pursuant to this letter, associated cost of ₹ 58.95 crore pertaining to these ESOPs has been charged to profit and loss account for the year ended March 31, 2021. **Non - Deferred Variable Pay:** • Remuneration award of ₹ 3.59 crore paid during FY 2020-21 related to performance of FY 2019-20. • Variable Pay (Performance bonus) of Mr. Sanjay Agarwal – MD & CEO for FY 2019-20 amounting to ₹ 1.32 crore is pending with RBI for approval. • Variable Pay (Performance bonus) of ₹ 0.86 crore for FY 2019-20 for Mr. Uttam Tibrewal is pending with RBI for approval. • The Variable pay pertaining to FY 2020-21 is yet to be reviewed and approved by the NRC, accordingly limits given in the RBI Circular will be reviewed in next financial year.	**Total fixed salary :** • ₹ 13.28 crore **Deferred Variable Pay:** • ESOPs granted during the financial year: 2,77,355 ESOPs amounting to ₹ 5.95 crore. • Post RBI approval ₹ 0.30 crore will be paid for FY 2018-19 to Mr. Uttam Tibrewal in FY 2020-21 and remaining were paid in FY 2019-20. • 10,00,000 ESOPs under ESOP Scheme 2018 for FY 2018-19 were granted to Mr. Uttam Tibrewal after RBI Approval dated June 17, 2019. • Earlier for FY 2017-18, 38,702 ESOPs under ESOP Scheme 2015 - Plan A and 10,18,758 ESOPs under ESOP Scheme 2015 - Plan B were granted and revised proposal has been submitted to RBI and the approval of the RBI is pending as at year end FY 2019-20. **Non - Deferred Variable Pay:** Remuneration award of ₹ 2.97 crore paid during FY 2019- 20 was related to FY 2018-19.
(k)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Nil	Nil
	Total amount of reductions during the financial year due to ex- post explicit adjustments.	Nil	Nil
	Total amount of reductions during the financial year due to ex- post implicit adjustments.	Nil	Nil

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

Quantitative Disclosures:

Sr. No.	Subject	March 31, 2021	March 31, 2020
(l)	Number of MRTs identified	14 Employees	14 Employees (As identified in FY 2020-21)
(m)	Number of cases where malus has been exercised.	Nil	Nil
	Number of cases where clawback has been exercised.	Nil	Nil
	Number of cases where both malus and clawback have been exercised.	Nil	Nil

General Quantitative Disclosures:

Sr. No.	Subject	March 31, 2021	March 31, 2020
(n)	The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	• Total Mean pay of the Bank as a whole (Excluding Sub- Staff) is: ₹ 0.04 crore calculated on annualized basis. • Deviation in the fixed Pay for Mr. Sanjay Agarwal, MD & CEO and Mr. Uttam Tibrewal, WTD from the mean pay is 47 and 43 times respectively wherein Mr. Sanjay Agarwal- MD & CEO which has been voluntary relinquished his fixed pay for FY 2020-21.	• Total Mean pay of the Bank as a whole (Excluding Sub- Staff) is: ₹ 0.04 crore calculated on annualized basis. • Deviation in the fixed Pay for Mr. Sanjay Agarwal, MD & CEO and Mr. Uttam Tibrewal, WTD from the mean pay is 50 and 45 times respectively.

The Bank has made the disclosures for current as well as the previous reporting year as per the new requirement of the RBI Circular RBI/2019-20/89 DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 4, 2019.

22 Credit default swaps

The Bank has not transacted in credit default swaps during the period ended March 31, 2021. (Previous year: Nil)

23 Intra-Group exposure

The Bank does not have any exposure (advances/investments) within the group. (Previous year: Nil)

24 Transfers to Depositor Education and Awareness Fund (DEAF)

During the year ended March 31, 2021 and March 31, 2020 the Bank was not required to transfer any amount to Depositor Education and Awareness Fund.

25 Unhedged foreign currency exposure

RBI, through its circular dated January 15, 2014 had advised banks to create incremental provision on standard loans and advances to entities with unhedged foreign currency exposure (UFCE). The Bank assesses the UFCEs of the borrowers through its credit appraisal and internal ratings process. The Bank also undertakes reviews of such exposures through thematic reviews evaluating the impact of exchange rate fluctuations on the Bank's portfolio on an yearly basis.

The Bank made provision amounting to ₹ 0.02 crore during the year ended March 31, 2021 (year ended March 31, 2020: Nil). The Bank held no incremental capital on March 31, 2021 on advances to borrowers with UFCE (March 31, 2020: Nil).

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

26 Disclosures relating to Securitisation

(i) Information of assignment/securitisation activity as an originator:

(₹ in Crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Total number of loan assets assigned/securitized (in Nos.)	-	1,02,268
Total book value of loan assets assigned/securitized	-	4,007.02
Sale consideration received for loan assets assigned/securitized	-	4,007.02
Income recognised in Profit and Loss Account (including income on MRR)	100.54	163.71

(ii) Information with respect to outstanding credit enhancements and liquidity support:

(₹ in Crore)

Particulars	Transactions at PAR		Transactions at PREMIUM	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Outstanding credit enhancements (first loss):				
Cash collaterals (placed as bank deposits)	25.47	69.11	-	0.23
Guarantees provided by banks on behalf of the Bank	113.28	113.28	-	5.81
Outstanding credit enhancements (second loss):				
Cash collaterals (placed as bank deposits)	-	70.95	-	-
Guarantees provided by banks on behalf of the Bank	242.78	234.87	-	-
Liquidity facility (utilised)	38.26	32.42	-	-
Liquidity facility (unutilised)	1.11	19.30	-	-

(iii) Disclosure as per RBI guidelines for securitisation transactions:

(₹ in Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
No. of SPVs sponsored by the Bank for securitisation transactions (in Nos.)	9	20
Total amount of securitised assets as per books of the SPVs sponsored by the Bank (outstanding as on balance sheet date)	1,932.22	3,300.46
Total amount of exposures retained by the Bank to comply with minimum retention requirement (MRR) as		
a) Off balance sheet exposures		
First Loss	113.28	113.28
Others	-	-
b) On balance sheet exposures		
First Loss	25.47	69.11
Others	122.86	211.59
Amount of exposures to securitisation transaction other than MRR		
a) Off balance sheet exposures		
I) Exposure to own securitisations		
First Loss	-	-
Others (Guarantees provided by banks on behalf of the Bank)	242.78	234.87
II) Exposure to Third party securitisations		
First Loss	-	-
Others	-	-
b) On balance sheet exposures		
I) Exposure to own securitisations		
First Loss	-	-
Others (Cash collateral placed in lieu of bank guarantee)	-	70.95
II) Exposure to Third party securitisations		
First Loss	-	-
Others	-	-

AU SMALL FINANCE BANK LIMITED

SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

27 Liquidity Coverage ration (LCR)

i) Quantitative disclosure on Liquidity Coverage Ratio (LCR) for period ended March 31, 2021:

(₹ in Crore)

	Particular	Quarter ended March 31, 2021		Quarter ended December 31, 2020		Quarter ended September 30, 2020		Quarter ended June 30, 2020	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		8,851.65		8,680.54		9,153.13		9,626.83
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:								
(i)	Stable deposits	2,945.04	147.25	2,553.08	127.65	2,172.56	108.63	1,860.01	93.00
(ii)	Less stable deposits	12,066.36	1,206.64	10,483.27	1,048.33	9,153.64	915.36	7,681.62	768.16
3	Unsecured wholesale funding, of which:								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non operational deposits (all counterparties)	7,852.97	6,094.21	7,147.86	5,808.64	6,634.09	5,397.08	7,288.09	5,885.27
(iii)	Unsecured debt	381.80	381.80	351.50	351.50	350.36	350.36	440.60	440.60
4	Secured wholesale funding		18.89		-		-		16.48
5	Additional requirements, of which :								
(i)	Outflows related to derivative exposures and other collateral requirements								
(ii)	Outflows related to loss of funding on debt products								
(iii)	Credit and liquidity facilities								
6	Other contractual funding obligations	841.09	841.09	745.37	745.37	556.49	556.49	526.00	526.00
7	Other contingent funding obligations	4,505.50	195.69	4,292.19	187.42	4,326.54	192.10	4,298.86	192.44
8	**Total Cash Outflows**		**8,885.57**		**8,268.91**		**7,520.02**		**7,921.95**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	1,845.80	-	1,743.49	-	1,874.45	-	1,919.08	-
10	Inflows from fully performing exposures	1,274.48	990.27	1,180.29	910.27	1,458.12	1,284.02	862.60	836.64
11	Other cash inflows	508.72	254.36	462.91	231.46	319.36	159.68	113.91	56.95
12	**Total Cash Inflows**		**1,244.63**		**1,141.73**		**1,443.70**		**893.59**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	**Total HQLA**		8,851.65		8,680.54		9,153.13		9,626.83
14	**Total Net Cash Outflows**		7,640.94		7,127.18		6,076.32		7,028.36
15	**Liquidity Coverage Ratio (%)**		**116%**		**122%**		**151%**		**137%**

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

i) Quantitative disclosure on Liquidity Coverage Ratio (LCR) for period ended March 31, 2020:

(₹ in Crore)

	Particular	Quarter ended March 31, 2020		Quarter ended December 31, 2019		Quarter ended September 30, 2019		Quarter ended June 30, 2019	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		6,419.21		5,017.92		4,815.21		4,600.14
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:								
(i)	Stable deposits	1,564.46	78.22	977.23	48.86	902.37	45.12	837.58	41.88
(ii)	Less stable deposits	7,125.41	712.54	7,064.55	706.46	6,253.29	625.33	5,434.03	543.40
3	Unsecured wholesale funding, of which:								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non operational deposits (all counterparties)	7,294.59	5,686.14	6,131.52	4,673.21	5,566.21	4,294.85	5,759.21	4,493.62
(iii)	Unsecured debt	486.80	486.80	341.42	341.42	543.11	543.11	274.28	274.28
4	Secured wholesale funding		36.52		-		-		25.27
5	Additional requirements, of which :								
(i)	Outflows related to derivative exposures and other collateral requirements								
(ii)	Outflows related to loss of funding on debt products								
(iii)	Credit and liquidity facilities								
6	Other contractual funding obligations	760.21	760.21	627.02	627.02	622.97	622.97	517.51	517.51
7	Other contingent funding obligations	4,211.58	187.29	3,539.03	159.96	3,010.26	135.41	2,535.97	118.42
8	**Total Cash Outflows**		**7,947.72**		**6,556.93**		**6,266.79**		**6,014.38**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	540.62	-	115.46	-	87.00	-	31.80	-
10	Inflows from fully performing exposures	1,665.16	1,412.20	1,320.56	1,080.01	1,178.27	962.38	1,386.89	1,180.28
11	Other cash inflows	412.51	206.26	389.10	194.55	349.72	174.86	323.15	161.58
12	**Total Cash Inflows**		**1,618.46**		**1,274.56**		**1,137.24**		**1,341.86**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	**Total HQLA**		**6,418.93**		**5,017.92**		**4,815.21**		**4,600.14**
14	**Total Net Cash Outflows**		**6,329.26**		**5,282.37**		**5,129.55**		**4,672.53**
15	**Liquidity Coverage Ratio (%)**		**101%**		**95%**		**94%**		**98%**

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

ii) Qualitative disclosure on Liquidity Coverage Ratio (LCR):

To assess Bank's resilience in liquidity stress scenario of 30 days with its high-quality liquid assets, Banks need to compute Liquidity Coverage Ratio (LCR) as per RBI - Basel III Framework on Liquidity Standards. High Ratio signifies Bank has enough liquid assets which it can use to fulfil its liquidity obligations in acute stress scenario. Ratio to compute as below :

$$LCR = \frac{\text{Stock of High Quality Liquid Assets (HQLA)}}{\text{Net Cash Outflows over a 30 days period}}$$

Stock of High Quality Liquid Asset is total funds liquid assets could generate in stress scenario. Net Cash outflows is the difference as derived by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in.

Minimum Requirement for Small Finance Banks (as per operating guidelines for Small Finance Banks RBI/2016-17/81 DBR.NBD.No.26/16.13.218/2016-17 dated Oct 06, 2016 & RBI circular RBI/2019-20/217 DOR.BP.BC.No.65/21.04.098/2019-20 dated Apr 17,2020) is as below:

Till December 31, 2017	From January 1, 2018	From January 1, 2019	From January 1, 2020	From April 17, 2020	From October 1, 2020	From April 1, 2021
60%	70%	80%	90%	80%	90%	100%

The Bank has implemented LCR framework and has consistently maintained the LCR percentage well above the regulatory threshold limit. The average LCR for the quarter ended March 31, 2021 was 116% which is above the regulatory limit of 90%. For the quarter ended March 31, 2021 HQLA stood at ₹ 8,852 Crores.

Asset Liability Committee (ALCO) of the Bank is the primary governing body for Liquidity Risk Management, Treasury is entrusted with the responsibility, under the guidance of the ALCO operationalizing liquidity management within the Bank. ALM Risk unit independently measures, monitors & report Liquidity Risk as per regulatory & internal guidelines.

In computing the above information, certain estimates and assumptions have been made by the Bank's Management which have been relied upon by the auditors.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

28 Divergence in the asset classification and provisioning

RBI vide its circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and Notification dated 1st April 2019, has directed banks shall make suitable disclosures, if either or both of the following conditions are satisfied:-
(a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period, and
(b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.

There has been no material divergence observed by the RBI for the financial year 2019-20 (as per assessment by the RBI during financial year 2020-21) in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) which require such disclosures.

The Bank has not been subjected to any assessment by the RBI during the financial year 2019-20 in respect of Financial year 2018-19.

29 Details of Priority Sector Lending Certificates (PSLCs)

(₹ in Crore)

Type of PSLCs	For the year ended March 31, 2021		For the year ended March 31, 2020	
	PSLC bought during the year	PSLC sold during the year	PSLC bought during the year	PSLC sold during the year
Agriculture	-	1,225.00	-	960.00
Small and Marginal farmers	-	1,850.00	-	1,150.00
Micro Enterprises	-	11,625.00	-	12,139.75
General	-	-	-	1,255.00
Total	**-**	**14,700.00**	**-**	**15,504.75**

30 Provision pertaining to fraud accounts

(₹ in Crore)

Particular	March 31, 2021	March 31, 2020
No. of frauds reported during the year	38	95
Amount involved in fraud	1.01	1.09
Amount involved in fraud net of recoveries / write-offs as at the end of the year	0.23	0.80
Provisions held as at the end of the year	0.23	0.80
Amount of unamortised provision debited from "other reserves" as at the end of the year	-	-

31 Provision for credit card and debit card reward points

The following table sets forth,for the period indicated, movement in provision for credit cards and debit cards rewards points :

(₹ in Crore)

Particular	March 31, 2021	March 31, 2020
Opening provision for reward points	-	-
Provision for reward points made during the year	0.08*	-
Utilisation/write off of provision for reward points	-	-
Closing provision for reward points	0.08	-

* Provision for reward points made during the year is based on management estimation.

32 Description of contingent liabilities

Sr. No.	Contingent liability*	Brief description
1	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal and tax proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
2	Guarantees on behalf of constituents	As a part of its Banking activities, the Bank issues guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of customer failing to fulfill its financial or performance obligations
3	Acceptances, endorsements and other obligations	These includes: Documentary credit such as letters of obligations, enhance the credit standing of the customers of the Bank. Bill rediscounted by the Bank and cash collateral provided by the Bank on assets which have been securitised.
4	Other items for which the Bank is contingently liable	These includes: a) Credit enhancements in respect of securitised-out loans b) Contractual payments for Capital commitments c) Other Guarantees

**Also refer Schedule 12 - Contingent Liabilities*

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33 Corporate social responsibility

(₹ in Crore)

Particular	March 31, 2021	March 31, 2020
(a) Gross amount required to be spent by the Bank during the year (including deficit of previous year)	15.97	16.38
(b) Amount spent during the year		
On purposes other than construction/acquisition of any asset		
Paid in Cash	12.52	12.65
Yet to be Paid in Cash	-	-
Total	12.52	12.65

Pursuant to Section 135 (5) & (6) of Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, Bank shall transfer ₹ 3.45 crore in "Unspent CSR Account FY 2020-21" within a period of 30 days from the end of financial year for the CSR Ongoing projects which will be spent over the period of 3 years.

34 Small and micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

35 Proposed dividend

The Reserve Bank of India (RBI), vide notification dated December 4, 2020, stated that in view of the ongoing stress and heightened uncertainty on account of COVID-19, banks should continue to conserve capital to support the economy and absorb losses. The notification also stated that in order to further strengthen the banks' balance sheets, while at the same time support lending to the real economy, banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended March 31, 2020. The Bank did not declare final dividend for the financial year ended March 31, 2020.

Given that the current "second wave" has significantly increased the number of COVID-19 cases in India and uncertainty remains, the Board of Directors of the Bank, at its meeting held on April 29, 2021, has considered it prudent to currently not propose dividend for the financial year ended March 31, 2021.

36 Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A) :

The Bank does not have any account under the Scheme for Sustainable Structuring of Stressed Assets (S4A) as on March 31, 2021.(Previous year: Nil).

37 Disclosures on Flexible Structuring of Existing Loans :

The Bank does not have any account under the Scheme Flexible Structuring of Existing Loans as on March 31, 2021. (Previous year: Nil)

38 Resolution of Stressed Assets – Revised Framework

The Bank is having one loan account for resolution of stressed Assets (Revised framework) amounting to ₹ 0.76 crore as on March 31,2021 (Previous year : ₹ 41.67 Crore) as per RBI Circular RBI/2017-18/131DBR.No.BP.BC.101/21.04.048/2017-18 and RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 where resolution plan has been submitted by one of the lead Banker on March 30, 2020.

39 Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

The Bank has restructured the account as per RBI Circular DBR.No.BP.BC.100/21.04.048/2017-18 dated February 07, 2018, DBR.No.BP.BC.108/21.04.048/2017-18 dated June 06, 2018, DBR.No.BP.BC.18/21.04.048/2018-19 dated January 01, 2019, DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 and DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020.

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
No. of Account Restructured	6,699	-
Amount	624.16	-

40 Disclosures on Strategic Debt Restructuring Scheme (SDR):

The Bank does not have any accounts under SDR as on March 31, 2021. (Previous year: Nil)

41 Disclosures on Change in Ownership outside SDR Scheme:

The Bank does not have any account which are currently under the scheme of Change in Ownership Outside SDR as on March 31, 2021. (Previous year: Nil)

42 Disclosures on Change in Ownership of Projects Under Implementation:

The Bank does not have any account which are currently under the scheme of Change in Ownership of Projects Under Implementation as on March 31, 2021.(Previous year: Nil)

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

43 Details of factoring exposure:

The factoring exposure of the Bank as at March 31, 2021 is Nil.(Previous year: Nil)

44 Inter-bank Participation with risk sharing:

During the year the Bank has entered into inter-bank participation with risk sharing amounting to ₹ 142.12 crores. (Previous year: Nil)

45 Investor education and protection fund

There is no amount required to be transferred to Investor Education and Protection Fund by the Bank. (Previous year: Nil)

46 Disclosure on remuneration to Non-Executive Directors

(₹ in Crore)

Particular	March 31, 2021	March 31, 2020
Remuneration by way of sitting fees to the Non-Executive Directors for attending meetings of the Board and its committees	1.05	0.64
Profit related commission to all Non-Executive Directors other than the Chairperson	0.54	0.47

47 Miscellaneous income recoveries from loans written off, income from dealing in Priority Sector Lending Certificates (PSLC) etc.

48 Details of payments of Audit Fees

(₹ in Crore)

Particular	March 31, 2021	March 31, 2020
Statutory Audit fees and other related services*	1.41	1.72
Other Matters*#	0.67	-
Total	**2.08**	**1.72**

** Includes out of pocket expenses.*
 # towards professional fees pursuant to Qualified Institutional Placement (QIP).

49 COVID-19 Regulatory Package - Asset Classification and Provisioning

The RBI on March 27, 2020, April 17, 2020, and May 23, 2020, announced 'COVID-19 Regulatory Package' on asset classification and provisioning. In terms of these RBI guidelines, the Bank has granted a moratorium of six months on payment of all instalments / interest as applicable, falling due between March 1, 2020 and August 31, 2020 ('moratorium period') to all eligible borrowers classified as standard, even if overdue, as on February 29, 2020. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period.

The disclosures as required by RBI circular dated April 17, 2020 are given below:

(₹ in Crore)

S.No.	Particular	Amount
1	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3 of the Circular #	1,884.75
2	Respective amount where asset classification benefits is extended*	-
3	Provisions made in terms of paragraph 5 of the Circular	263.22
4	Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6 of the Circular	-
5	Residual provisions as of March 31, 2021 in terms of paragraph 6 of the circular	263.22

 # excludes amounts in SMA/overdue categories, where the moratorium/deferment was extended on securitized portfolio amounting to ₹ 156.37 crore. Provision of ₹ 14.89 crore was made there on during quarter ended March 31, 2020, which remains residual as on March 31, 2021.
**As of March 31, 2021 in respect of such accounts.*

Consequent to outbreak of the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India. Accordingly, the Bank has made accelerated provision amounting to ₹ 279.07 crore on existing Gross Non-Performing Assets as on March 31, 2021.

50 Disclosures of restructuring due to Covid

Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated August 6, 2020 are given below.

(₹ in crore except number of accounts)

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan*	(C) of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution^
Personal Loans	244	16.96	-	-	1.88
Corporate persons	-	-	-	-	-
of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**244**	**16.96**	**-**	**-**	**1.88**

*As of March 31, 2021.
^ Provision held as on March 31, 2021

SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

51 Disclosure related to Refund/adjustment of "Interest on interest"

In accordance with RBI notification dated April 7, 2021, the Bank is required to refund/adjust 'interest on interest' to borrowers. As required by the RBI notification, the methodology for calculation of such interest on interest has recently been circulated by the Indian Banks' Association. The Bank is in the process of suitably implementing this methodology. At March 31, 2021, the Bank has created a liability towards estimated interest relief of ₹ 5 crore and reduced the same from the interest income.

52 The Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

B. OTHER DISCLOSURES

1 Fixed Assets as per Schedule 10 relating to purchase of software and system development expenditure which are as follows :

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Gross Block		
At cost on 31st March of the preceding year	141.55	124.79
Additions during the year	37.67	19.20
Deductions during the year	0.77	2.44
Total (a)	**178.45**	**141.55**
Depreciation / Amortisation		
As at 31st March of the preceding year	52.64	33.86
Charge for the year	25.12	20.49
Deductions during the year	0.18	1.71
Total (b)	**77.58**	**52.64**
Net Value (a-b)	**100.87**	**88.91**

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

2 Segment reporting

Part A: Business segments:

Segment reporting for the year ended March 31, 2021 and March 31, 2020 is given below:

(₹ in Crore)

S. No.		Particulars	March 31, 2021	March 31, 2020
1		**Segment revenue**		
	(a)	Treasury	1,744.96	819.95
	(b)	Retail banking	4,243.81	3,616.37
	(c)	Wholesale banking	378.00	524.61
	(d)	Other banking operations	34.83	31.05
	(e)	Unallocated	-	-
		Income from operations	**6,401.60**	**4,991.98**
2		**Segment results**		
	(a)	Treasury	802.47	163.76
	(b)	Retail banking	517.87	563.15
	(c)	Wholesale banking	103.34	156.02
	(d)	Other banking operations	34.83	31.04
		Total Segment results	**1,458.51**	**913.97**
		Less: Unallocated expenses	-	-
		Total Profit Before Tax	**1,458.51**	**913.97**
		Provision for Tax (Including deferred tax)	287.83	239.19
		Total Profit After Tax	**1,170.68**	**674.78**
3		**Segment Assets**		
	(a)	Treasury	14,513.96	13,040.65
	(b)	Retail banking	32,264.56	24,564.95
	(c)	Wholesale banking	3,538.69	3,751.73
	(d)	Other banking operations	6.65	2.72
	(e)	Unallocated	1,267.45	783.02
		Total Assets	**51,591.31**	**42,143.07**
4		**Segment Liabilities**		
	(a)	Treasury	4,140.24	5,151.12
	(b)	Retail banking	20,529.27	15,755.57
	(c)	Wholesale banking	20,577.59	16,839.33
	(d)	Other banking operations	0.02	0.00
	(e)	Unallocated	68.97	20.24
		Capital and Other Reserves	**6,275.22**	**4,376.81**
		Total Liabilities including Capital and Other Reserves	**51,591.31**	**42,143.07**

Part B: Geographic segments

The business of the Bank is in India only. Accordingly, geographical segment is not applicable.

Segmental information is provided as per the MIS/reports available for internal reporting purposes, which includes certain estimates and assumptions. The methodology adopted in compiling and reporting the above information has been relied upon by the auditors.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

3 **Related Party Disclosures:**

A. Related Parties :

Key management personnel (KMP)	Mr. Sanjay Agarwal, Managing Director and CEO Mr. Uttam Tibrewal, Whole Time Director Mr. Deepak Jain, Chief Operating Officer Mr. Vimal Jain, Chief Financial Officer (w.e.f. April 1, 2020) Mr. Manmohan Parnami, Company Secretary
Enterprises over which KMP / relatives of KMP have control / significant influence	Abhiyan Bharat Foundation AU Bank Employees Group Gratuity Trust AU Small Finance Bank Employees Welfare Trust AU Foundation BIFCO Private Limited Deepak Tarachand HUF DS Speciality Product LLP Durga Automation & Control Private Limited Durga Bearings (Mumbai) Private Limited Jyoti Sanjay Family Trust Kalinga Agencies Kalinga Mercantile Private Limited Kalinga Extrusions India Private Limited Khushi Buildhome Private Limited Manmohan Parnami HUF MYS Holdings Private Limited Namokar Mining Industries LLP Sanjay And Jyoti Agarwal Foundation Shivgyan Mines and Minerals Private Limited Shree Dham Mining Industries LLP Speciality Stones Private Limited Below are w.e.f. April 1, 2020: Pradeep Kumar Jain HUF VS and Sons HUF
Relatives of KMP	Ms. Jyoti Agarwal Mr. Chirinjee Lal Agarwal Ms. Shakuntala Agarwal Mr. Yuvraj Agarwal Ms. Mallika Agarwal Mr. Ajay Agarwal Ms. Pinki Agarwal Ms. Pooja Tibrewal Mr. Devi Prasad Tibrewal Ms. Geeta Devi Tibrewal Mr. Vaibhav Tibrewal Mr. Subhash Tibrewal Ms. Manju Agarwal Ms. Uma Bagaria Ms. Suman Sultania Ms. Shweta Jain Ms. Santosh Jain Mr. Devansh Jain Ms. Khushi Jain Ms. Kavita Goyal Ms. Sunita Agrawal Ms Anita Agarwal Ms.Bhawna Parnami Ms. Rajkumari Sukhija Ms. Asmita Parnami Ms. Jaisvi Parnami Mr. Mahinder Parnami Ms. Kavita Sukhija Ms. Shikha Taneja Below relatives are w.e.f. April 1, 2020: Mr. Sinku Jain Mr. Dhairya Jain Mr. Pradeep Kumar Jain Mr. Dilip Kumar Jain Ms. Suman Lata Jain Ms. Renu Kataria Ms. Rekha Jain Ms. Ladh Devi Jain

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B. The Bank's related parties balances and transactions for the year ended are summarised as follows:

1. Deposits

(₹ in Crore)

Particular	As at March 31, 2021		As at March 31, 2020	
	Closing balance	Highest balance during the year	Closing balance	Highest balance during the year
Key Management Personnel (KMP)	84.65	95.11	6.62	24.66
Relatives of KMP	79.10	144.76	26.62	46.38
Enterprise over which KMP/Relative of KMP have control / significant influence	2.41	35.04	2.52	22.89

2. Interest Paid on Deposits

(₹ in Crore)

Particular	Year ended March 31, 2021	Year ended March 31, 2020
Key Management Personnel (KMP)	0.59	0.40
Relatives of KMP	4.82	1.19
Enterprise over which KMP/Relative of KMP have control / significant influence	0.54	0.02

1.Income including miscellaneous charges received from all the related parties are less than ₹ 100,000/- hence not shown separately.

2.Bank has also given Overdraft Facility against Fixed Deposit placed with the Bank of KMP, relatives of KMP and enterprise over which KMP/Relative of KMP have control / significant influence - Balance as on 31st March 2021 is Nil. (Highest balance during the year is ₹ 25.16 Cr.) and Interest earned during the year is ₹ 0.38 Cr.

3. Remuneration

(₹ in Crore)

Particular	Year ended March 31, 2021	Year ended March 31, 2020
Mr. Sanjay Agarwal, Managing Director and CEO	-	2.31
Mr. Uttam Tibrewal, Executive Director	2.24	3.43
Mr. Deepak Jain, Chief Operating Officer	1.62	1.65
Mr. Vimal Jain, Chief Financial Officer	0.93	NA
Mr. Manmohan Parnami, Company Secretary	0.50	0.48
Total	**5.29**	**7.87**

1. Remuneration paid excludes value of employee stock options exercised during the year.

2. The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Bank as a whole.

4. Loans given and repayment

There is no other loan related transaction except disclosed above with the related parties during the year (Previous year : Nil).

5. Other transaction

(₹ in Crore)

Name of related party	Nature of transactions	Year ended March 31, 2021	Year ended March 31, 2020
Mr. Uttam Tibrewal	Issue of Equity Shares of the Bank	4.28	-
Mr. Deepak Jain	Issue of Equity Shares of the Bank	7.53	6.64
Mr. Vimal Jain	Issue of Equity Shares of the Bank	0.09	NA
Mr. Manmohan Parnami	Issue of Equity Shares of the Bank	0.02	0.02
Key Management Personnel (KMP)	Dividend Paid	-	4.61
Relatives of KMP	Dividend Paid	-	2.32
Enterprises over which KMP/ relatives of KMP have control/ significant influence	Dividend Paid	-	0.73
AU Bank Employees Group Gratuity Trust	Contribution to Fund	17.21	3.30
AU Foundation	Donation	0.85	4.05

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SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

4 Leases

The Bank has taken various premises under operating lease. The future minimum lease payments are given below:

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Not later than one year	76.15	70.73
Later than one year and not later than five years	272.46	263.90
Later than five years	52.09	89.78
Total	**400.70**	**424.41**
The total of minimum lease payments recognized in the Profit and Loss Account for the year	81.68	67.59
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	-	-
Sub-lease amounts recognized in the Profit and Loss Account for the year	-	-
Contingent (usage based) lease payments recognized in the Profit and Loss Account for the year	-	-

5 Earnings per equity share (AS 20)

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Profit/ (loss) after tax **(A)**	1,170.68	674.78
Less: Exceptional item	-	-
Net profit excluding exceptional item **(B)**	1,170.68	674.78
Weighted average number of equity shares in calculating basic EPS **(C)**	30,65,03,477	29,61,61,899
Add: Effect of dilution - Stock option granted to employees	26,87,023	61,75,606
Weighted average number of equity shares in calculating diluted EPS **(D)**	30,91,90,500	30,23,37,505
Earning per share including exceptional item		
Basic (In ₹) **(A / C)**	38.19	22.78
Diluted (In ₹) **(A / D)**	37.86	22.32
Nominal value per share (In ₹)	10.00	10.00
Earning per share excluding exceptional item		
Basic (In ₹) **(B / C)**	38.19	22.78
Diluted (In ₹) **(B / D)**	37.86	22.32
Nominal value per share (In ₹)	10.00	10.00

The dilutive impact is due to options granted to employees.

6 Deferred taxes

Other assets include deferred tax asset (net). The break-up of the same is as follows:

(₹ in Crore)

Particulars of Asset/ (Liability)	March 31, 2021	March 31, 2020
Provision for NPA and general provision on standard assets	147.07	69.86
Expenditure allowed on payment basis	6.53	8.60
Depreciation	(8.15)	(10.79)
Deduction u/s. 36(1)(viii) of the Income Tax Act, 1961	(50.16)	(31.54)
Others	5.28	4.54
Net Deferred Tax Asset	**100.57**	**40.67**

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7 Accounting for employee share based payments

Stock options

The Bank has provided various share-based payment schemes to its Directors and Employees. The plans in operation are Plan A, Plan B, Plan C, Plan D and Plan E. The numerical A1, A2, A3, B1, B2, B3, B4, B5, B6, B7, C1, C2, C3, C4, C5, C6, C7, C8, C9, C10, D1, D2, D3, D4, D5, D6, D7, D8, D9, E1 and E2 represents different grants made under these plans. During the year ended March 31, 2021, the following series were in operation:

Particulars	Plan A1	Plan A2	Plan A3	Plan B1	Plan B2	Plan B3	Plan B4	Plan B5	Plan B6	Plan B7	Plan C1	Plan C2	Plan C3	Plan C4	Plan C5	Plan C6
Date of grant	Aug 31, 2015	Aug 23, 2016	Oct 27, 2017	Aug 31, 2015	Aug 23, 2016	Nov 11, 2016	Jan 24, 2017	Oct 27, 2017	Aug 6, 2018	Jan 27, 2021	Nov 11, 2016	Jan 24, 2017	Feb 22, 2017	May 13, 2017	Jan 30, 2018	Apr 25, 2018
Date of Board / Compensation Committee approval	Aug 10, 2015	Aug 23, 2016	Oct 27, 2017	Aug 10, 2015	Aug 23, 2016	Nov 11, 2016	Jan 24, 2017	Oct 27, 2017	Aug 6, 2018	Jan 27, 2021	Nov 11, 2016	Jan 24, 2017	Feb 22, 2017	May 13, 2017	Jan 30, 2018	Apr 25, 2018
Number of Options granted	33,38,436	4,18,512	3,61,000	28,62,846	10,92,654	36,000	30,000	42,510	1,146	12,000	11,700	1,85,900	70,700	4,99,800	10,53,901	2,919
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Graded vesting period:																
1st vesting "12 months from the date of grant or on the date of proposed initial public offer of Bank's equity shares whichever is later"	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	NA	NA	NA	NA	NA	NA
1st vesting "12 months from the date of grant or one year from the date of proposed initial public offer of Bank's equity shares which ever is later"	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	20%	20%	20%	20%	20%	20%
1st vesting "12 months from the date of grant	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2nd vesting "On expiry of one year from the 1st vesting date"	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	20%	20%
3rd vesting "On expiry of two years from the 1st vesting date"	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	30%	30%
4th vesting "On expiry of 3 years from the 1st vesting date"	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	30%	30%
Exercise period	4 years from the 1st vesting date										6 years from the 1st vesting date					
Vesting conditions	Continuous service										Continuous service					
Weighted average remaining contractual life (years)	0.28	0.40	1.58	0.28	0.40	0.62	0.82	1.58	2.35	4.83	3.28	3.28	3.28	3.28	3.84	4.07
Weighted average exercise price per option (₹)	10.11	10.11	10.11	33.37	33.37	33.37	33.37	33.37	33.37	33.37	140.00	140.00	140.00	140.00	140.00	140.00

Particulars	Plan C7	Plan C8	Plan C9	Plan C10	Plan D1	Plan D2	Plan D3	Plan D4	Plan D5	Plan D6	Plan D7	Plan D8	Plan D9	Plan E1	Plan E2
Date of grant	Aug 6, 2018	Aug 30, 2018	Oct 13, 2018	Oct 24, 2020	Aug 30, 2018	Nov 22, 2018	Jan 17, 2019	Apr 22, 2019	Jun 17, 2019	Jul 25, 2019	Oct 21, 2019	Jan 22, 2020	Oct 24, 2020	Jan 27, 2021	Mar 27, 2021
Date of Board / Compensation Committee approval	Aug 6, 2018	Aug 30, 2018	Oct 13, 2018	Oct 24, 2020	Aug 30, 2018	Nov 22, 2018	Jan 17, 2019	Apr 22, 2019	Jun 17, 2019	Jul 25, 2019	Oct 21, 2019	Jan 22, 2020	Oct 24, 2020	Jan 27, 2021	Mar 27, 2021
Number of Options granted	5,480	27,600	50,865	9,95,960	18,56,950	1,54,541	2,437	2,500	10,00,000	16,05,415	40,276	54,000	4,48,138	62,177	55,000
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Graded vesting period:															
1st vesting "12 months from the date of grant or on the date of proposed initial public offer of Bank's equity shares whichever is later"	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1st vesting "12 months from the date of grant or one year from the date of proposed initial public offer of Bank's equity shares which ever is later"	20%	20%	20%	20%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1st vesting "12 months from the date of grant	NA	NA	NA	NA	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
2nd vesting "On expiry of one year from the 1st vesting date"	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
3rd vesting "On expiry of two years from the 1st vesting date"	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
4th vesting "On expiry of 3 years from the 1st vesting date"	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Exercise period	6 years from the 1st vesting date														
Vesting conditions	Continuous service														
Weighted average remaining contractual life (years)	4.35	4.42	4.54	6.57	4.42	4.65	4.80	5.06	5.22	5.32	5.56	5.82	6.57	6.83	6.99
Weighted average exercise price per option (₹)	140.00	140.00	140.00	614.00	664.00	643.00	622.00	589.00	664.00	630.00	668.00	724.00	614.00	791.00	929.00

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Particulars	March 31, 2021															
	Plan A1	Plan A2	Plan A3	Plan B1	Plan B2	Plan B3	Plan B4	Plan B5	Plan B6	Plan B7	Plan C1	Plan C2	Plan C3	Plan C4	Plan C5	Plan C6
Options outstanding at the beginning of the year	9,60,172	2,09,256	2,42,000	10,89,929	92,166	-	24,000	36,255	1,146	-	1,800	64,530	13,600	32,210	6,43,053	1,135
Granted during the year	-	-	38,702	-	-	-	-	10,18,758	-	12,000	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercised during the year	(9,53,338)	(2,09,256)	(1,21,500)	(10,68,829)	(56,870)	-	(9,000)	(12,255)	(573)	-	(1,800)	(47,570)	(11,100)	(26,860)	(2,09,022)	(284)
Expired during the year	-	-	-	-	-	-	-	-	-	-	-	(1,350)	(2,500)	(1,500)	(33,753)	-
Outstanding at the end of the year	6,834	-	1,59,202	21,100	35,296	-	15,000	10,42,758	573	12,000	-	15,610	-	3,850	4,00,278	851
Exercisable at the end of the year	6,834	-	1,59,202	21,100	35,296	-	15,000	10,42,758	-	-	-	15,610	-	3,850	1,58,074	-

Particulars	March 31, 2021														
	Plan C7	Plan C8	Plan C9	Plan C10	Plan D1	Plan D2	Plan D3	Plan D4	Plan D5	Plan D6	Plan D7	Plan D8	Plan D9	Plan E1	Plan E2
Options outstanding at the beginning of the year	3,184	26,960	10,865	-	15,35,831	1,13,346	2,437	2,500	10,00,000	15,38,866	36,276	54,000	-	-	-
Granted during the year	-	-	-	9,95,960	-	-	-	-	-	-	-	-	4,48,138	62,177	55,000
Forfeited during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercised during the year	(796)	(6,800)	(2,506)	-	(2,56,969)	(10,314)	(237)	(500)	-	(81,208)	(1,576)	(900)	-	-	-
Expired during the year	-	-	(4,800)	(5,426)	(34,462)	(9,948)	-	-	-	(81,813)	(3,300)	(1,750)	(17,610)	-	-
Outstanding at the end of the year	2,388	20,160	3,559	9,90,534	12,44,400	93,084	2,200	2,000	10,00,000	13,75,845	31,400	51,350	4,30,528	62,177	55,000
Exercisable at the end of the year	-	3,600	640	-	2,13,071	26,004	737	-	2,00,000	2,12,795	5,578	9,550	-	-	-

Particulars	March 31, 2020												
	Plan A1	Plan A2	Plan A3	Plan B1	Plan B2	Plan B3	Plan B4	Plan B5	Plan B6	Plan C1	Plan C2	Plan C3	Plan C4
Options outstanding at the beginning of the year	14,95,591	2,09,256	3,10,400	13,90,652	4,49,495	18,000	24,000	40,008	1,146	5,040	1,06,160	36,160	64,400
Granted during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercised during the year	(5,29,440)	-	(68,400)	(2,97,407)	(3,52,031)	-	-	(3,753)	-	(1,080)	(25,490)	(9,420)	(20,730)
Expired during the year	(5,979)	-	-	(3,316)	(5,298)	(18,000)	-	-	-	(2,160)	(16,140)	(13,140)	(11,460)
Outstanding at the end of the year	9,60,172	2,09,256	2,42,000	10,89,929	92,166	-	24,000	36,255	1,146	1,800	64,530	13,600	32,210
Exercisable at the end of the year	9,60,172	2,09,256	61,500	10,89,929	92,166	-	24,000	15,000	229	-	11,780	-	810

Particulars	March 31, 2020												
	Plan C5	Plan C6	Plan C7	Plan C8	Plan C9	Plan D1	Plan D2	Plan D3	Plan D4	Plan D5	Plan D6	Plan D7	Plan D8
Options outstanding at the beginning of the year	8,09,336	1,419	3,980	27,600	50,865	18,17,392	1,47,119	2,437	-	-	-	-	-
Granted during the year	-	-	-	-	-	-	-	-	2,500	10,00,000	16,05,415	40,276	54,000
Forfeited during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercised during the year	(1,19,104)	(284)	(796)	(640)	-	(2,23,737)	(9,165)	-	-	-	-	-	-
Expired during the year	(47,179)	-	-	-	(40,000)	(57,824)	(24,608)	-	-	-	(66,549)	(4,000)	-
Outstanding at the end of the year	6,43,053	1,135	3,184	26,960	10,865	15,35,831	1,13,346	2,437	2,500	10,00,000	15,38,866	36,276	54,000
Exercisable at the end of the year	1,24,174	-	-	4,880	2,173	1,28,321	15,299	487	-	-	-	-	-

S.R. BATLIBOI & ASSOCIATES LLP

AU SMALL FINANCE BANK LIMITED

SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

Details of stock options granted during the year:

Plan A, B, C D and E: The weighted average fair value of stock options granted during the year was ₹ 857.79 (Plan B7), ₹ 419.76 (plan C10), ₹ 419.76 (plan D9), ₹ 429.21 (plan E1) and ₹ 625.98 (plan E2).

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Plan B7			Plan C10				Plan D9			
	Tranche vesting in FY 2021-22	Tranche vesting in FY 2022-23	Tranche vesting in FY 2023-24	Tranche vesting in FY 2021-22	Tranche vesting in FY 2022-23	Tranche vesting in FY 2023-24	Tranche vesting in FY 2024-25	Tranche vesting in FY 2021-22	Tranche vesting in FY 2022-23	Tranche vesting in FY 2023-24	Tranche vesting in FY 2024-25
Share price on the date of grant (₹)	884.65	884.65	884.65	789.35	789.35	789.35	789.35	789.35	789.35	789.35	789.35
Exercise price (₹)	33.37	33.37	33.37	614.00	614.00	614.00	614.00	614.00	614.00	614.00	614.00
Expected volatility (%)	41.72%	41.72%	41.72%	42.29%	42.29%	42.29%	42.29%	42.29%	42.29%	42.29%	42.29%
Life of the options granted (years)	3.00	3.50	4.00	4.00	4.50	5.00	5.50	4.00	4.50	5.00	5.50
Risk-free interest rate (%)	5.95%	5.95%	5.95%	5.84%	5.84%	5.84%	5.84%	5.84%	5.84%	5.84%	5.84%
Expected dividend rate (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Fair value of the option (₹)	856.74	857.56	858.35	391.37	408.84	425.20	440.52	391.37	408.84	425.20	440.52

Particulars	Plan E1				Plan E2			
	Tranche vesting in FY 2021-22	Tranche vesting in FY 2022-23	Tranche vesting in FY 2023-24	Tranche vesting in FY 2024-25	Tranche vesting in FY 2021-22	Tranche vesting in FY 2022-23	Tranche vesting in FY 2023-24	Tranche vesting in FY 2024-25
Share price on the date of grant (₹)	884.65	884.65	884.65	884.65	1,178.50	1,178.50	1,178.50	1,178.50
Exercise price (₹)	791.00	791.00	791.00	791.00	929.00	929.00	929.00	929.00
Expected volatility (%)	41.72%	41.72%	41.72%	41.72%	42.15%	42.15%	42.15%	42.15%
Life of the options granted (years)	4.00	4.50	5.00	5.50	4.00	4.50	5.00	5.50
Risk-free interest rate (%)	5.95%	5.95%	5.95%	5.95%	6.12%	6.12%	6.12%	6.12%
Expected dividend rate (%)	0%	0%	0%	0%	0%	0%	0%	0%
Fair value of the option (₹)	394.29	415.79	435.90	454.73	582.73	609.37	634.23	657.63

S R BATLIBOI & ASSOCIATES LLP

AU Small Finance Bank Limited

AU SMALL FINANCE BANK LIMITED

SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

The Bank measures the cost of ESOP using the intrinsic value method. Had the Bank used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

(₹ in Crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit after tax as reported	**1,170.68**	**674.78**
Add: ESOP cost using intrinsic value method (net of tax)	57.46	17.76
Less: ESOP cost using fair value method (net of tax)	92.81	51.64
Profit after tax (adjusted)	**1,135.33**	**640.90**
Earnings Per Share		
Basic		
- As reported	38.19	22.78
- Adjusted for ESOP cost using fair value method	37.04	21.64
Diluted		
- As reported	37.86	22.32
- Adjusted for ESOP cost using fair value method	36.72	21.20

(₹ in Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Stock options outstanding (gross)	188.76	104.14
Deferred compensation cost outstanding	29.35	21.52
Stock options outstanding (net)	**159.41**	**82.62**

FY 2020-21

The Bank has granted 38,702 and 10,18,758 stock options on October 27, 2017 under Plan A3 and Plan B5, respectively, to Whole time Director which were pending for RBI Approval. During the year ended March 31, 2021, RBI pursuant to its letter intimated the Bank that the ESOPs granted to Whole time Director pertains to the period prior to his appointment as the whole-time director of the Bank and thus, the approval of RBI is not required, and the Board of Directors of the Bank may take appropriate decision in this regard subject to adherence to statutory norms, as applicable. Pursuant to this letter, associated cost of ₹ 58.95 Crore pertaining to these ESOPs has been charged to profit and loss account for the year ended March 31, 2021.

The Bank has granted 99,800 stock options on September 04, 2020 under ESOP scheme 2018 to Whole time Director which are pending for RBI Approval. Accordingly, these options have not been considered for the purpose of computing the impact of ESOP fair value on profit before tax. The vesting period for these options will be in accordance with the RBI approval received.

FY 2019-20

The Bank has granted 10,00,000 stock options on August 30, 2018 under Plan D1 to Whole Time Director however the bank has received RBI approval on June 17, 2019. Vesting period for these options commenced from the RBI approval date and accordingly these options have been considered for the purpose of computing the ESOP cost as per Plan D5.

The Bank has granted 38,702 and 10,18,758 stock options on October 27, 2017 under Plan A3 and Plan B5, respectively, to Whole time Director which were pending for RBI Approval. During the year ended March 31, 2020, the bank has submitted the revised proposal to RBI and the approval of the RBI is pending as at March 31, 2020. Accordingly, these options have not been considered for the purpose of computing the impact of ESOP fair value on profit before tax. The vesting period for these options will commence only after the RBI approval is received.

S.R. BATLIBOI & ASSOCIATES LLP

AU Small Finance Bank Limited JAIPUR

SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

8 **Employee benefits**

(a) Defined benefit plans

Gratuity

The gratuity plan provides a lumpsum payment to vested employees at retirement or on termination of employment based on respective employee's salary and years of employment with the Bank considering the ceiling of gratuity amount of ₹ 0.20 crore.

Reconciliation of opening and closing balance of present value of defined benefit obligation for gratuity benefits as per AS-15 "Employee Benefits" is given below.

(₹ In Crore)

Particulars	March 31, 2021	March 31, 2020
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Liability at the beginning of the year	33.07	15.15
Interest cost	2.15	1.21
Current service cost	14.61	11.15
Benefits paid during the year	(0.77)	(0.40)
Actuarial (gain) / loss on obligation	(2.07)	5.96
Experience adjustment	-	-
Assumption change	-	-
Liability at the end of the year	**46.99**	**33.07**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets at the beginning of the year	15.87	11.86
Expected return on plan assets	0.34	0.18
Contributions	17.21	3.30
Benefits paid	(0.77)	(0.40)
Actuarial gain / (loss) on plan assets	1.09	0.93
Experience adjustment	-	-
Assumption change	-	-
Fair value of plan assets at the end of the year	**33.74**	**15.87**
Amount recognised in Balance Sheet		
Fair value of plan assets at the end of the year	33.74	15.87
Liability at the end of the year	(46.99)	(33.07)
Net Asset (included under Schedule 11.VII) / (Liability) (included under Schedule 5.VI)	**(13.25)**	**(17.20)**
Expenses recognised in Profit and Loss Account		
Interest cost	2.15	1.21
Current service cost	14.61	11.15
Expected return on plan assets	(0.34)	(0.18)
Net actuarial (gain) / loss recognised in the year	(3.16)	5.03
Net cost	**13.26**	**17.21**
Actual return on plan assets	1.43	1.11
Estimated contribution for the next year	13.25	17.00
Assumptions		
Discount rate	6.73% per annum	6.50% per annum
Expected return on plan assets	6.88% per annum	8.00% per annum
Withdrawal rate	1.00% at all ages	1.00% at all ages
Salary escalation rate	7.50% per annum	7.50% per annum

S.R. BATLIBOI & ASSOCIATES LLP

AU SMALL FINANCE BANK LIMITED

SCHEDULE 18 - Notes forming part of the financial statements for the Year Ended March 31, 2021

Experience adjustment

Particulars	Years ended March 31,				
	2021	2020	2019	2018	2017
Plan assets	33.74	15.87	11.86	0.14	-
Defined benefit obligation	46.99	33.07	15.15	11.60	6.99
Surplus / (deficit)	(13.25)	(17.20)	(3.29)	(11.46)	(6.99)
Experience adjustment gain / (loss) on plan assets	1.09	0.93	-	-	-
Experience adjustment (gain) / loss on plan liabilities	(2.07)	5.96	(2.68)	(0.52)	0.18

(b) Defined contribution plans

Provident fund

The Bank makes Provident Fund contributions to a defined contribution retirement benefit plans for qualifying employees. Under the schemes, the bank is required to contribute a specified percentage of the payroll costs to the Provident Fund Commissioner to fund the benefits.

The Bank recognized ₹ 33.63 Crore (previous year ₹ 24.96 Crore) for provident fund contributions in the Profit and Loss Account. The contributions payable to these plans by the Bank are at rates specified in the rules of the schemes.

(c) Compensated absences

The Bank has provided for compensatory leaves which can be availed and not encashed as per policy of the Bank as present value obligation of the benefit at related current service cost measured using the Projected Unit Credit Method on the basis of an actuarial valuation. The Bank has accordingly reversed ₹ 4.87 Crore (previous year booked ₹ 5.00 Crore) in the books of accounts for the period.

9 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

As per our attached Report of even date.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No. 121411
Place : Mumbai

S.R. BATLIBOI & ASSOCIATES LLP

Date : April 29, 2021

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Raj Vikash Verma
(Non-Executive Independent Part Time Chairman)
DIN : 03546341
Place : Gurugram

Sanjay Agarwal
(Managing Director and CEO)
DIN : 00009526
Place : Jaipur

Uttam Tibrewal
(Whole Time Director)
DIN : 01024940
Place : Mumbai

Vimal Jain
(Chief Financial Officer)
Place : Jaipur

Manmohan Parnami
(Company Secretary)
Membership No. F9999
Place : Jaipur

AU Small Finance Bank Limited JAIPUR

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INDEPENDENT AUDITORS' REPORT

To the Members of AU SMALL FINANCE BANK LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **AU SMALL FINANCE BANK LIMITED** (the "Bank"), which comprise the Balance Sheet as at March 31, 2022, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949, Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") as applicable to banks and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2022, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

Sl. No.	Key Audit Matter	Auditor's Response
1	**<u>Identification of Non-Performing Advances and Provisioning for Advances</u>** (Refer Schedule 9 to the financial statements) Advances constitute a significant portion of the Bank's assets and the quality of these advances is measured in terms of ratio of Non-Performing Advances ("NPA") to the gross advances of the Bank. The Bank has gross advances amounting to Rs. 92,43,782 thousands and the gross NPA ratio of Bank is 1.98% as at March 31, 2022. The Reserve Bank of India's (RBI) guidelines on income recognition, asset classification and provisioning ('IRAC norms') and guidelines relating to Resolution Framework for covid-19 related stress (herein after referred as "Relevant RBI guidelines") prescribes the norms for identification and classification of NPAs and the minimum provision required for such assets. The Bank is also required to apply its judgement to determine the identification and provisioning for NPAs by applying quantitative as well as qualitative factors. Additionally, the Bank carries provision on advances that are not classified as NPAs. Further, during the year, the bank has changed its estimates with respect to provision on NPAs by revising the provisioning rates applied for various categories of NPAs. Since the identification of NPAs and provisioning for advances is significant to the overall audit due to stakeholder and regulatory focus, we have ascertained this as a key audit matter.	Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances. In particular: • We have evaluated and understood the Bank's internal control system in adhering to the Relevant RBI guidelines; • We have analysed and understood key IT systems/ applications used and tested the design and implementation as well as operational effectiveness of relevant controls in relation to income recognition, asset classification, viz., standard, sub-standard, doubtful and loss with reference to relevant RBI guidelines and provisioning pertaining to advances; • We test checked advances to examine the validity of the recorded amounts, underlying loan documentation and statement of accounts, indicators of impairment, impairment provision for NPAs, and compliance with IRAC norms; • We obtained an understanding of implementation of the Regulatory Package and checked that the Bank's board approved policy is in line with the Resolution Framework. On sample basis, tested that restructuring was carried out in accordance with the Resolution Framework and re-computed the provision made in accordance with the Resolution Framework. • We obtained an understanding of the change in the accounting estimate pertaining to provisioning rate for NPAs, checked that the same has been duly approved by the Board of the Bank and that revised NPA provisioning is in compliance with the RBI Guidelines.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

2	**Key Information technology (IT) systems used in financial reporting process:** As a Scheduled Commercial Bank that operates on core banking solution ("CBS") across its branches and asset centres, the reliability and security of IT systems plays a key role in the business operations. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. The IT infrastructure is critical for smooth functioning of the Bank's business operations as well as for timely and accurate financial accounting and reporting. Due to the pervasive nature and complexity of the IT environment we have ascertained Key Information technology ("IT") systems used in financial reporting process as a key audit matter.	We involved our IT specialists to obtain an understanding of the Bank's IT related control environment. Furthermore, we conducted an assessment and identified key IT applications, databases and operating systems that are relevant for our audit. For the key IT systems used to prepare accounting and financial information, our areas of audit focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular: • We obtained an understanding of the Bank's IT control environment and key changes during the audit period that may be relevant to the audit; •We tested the design, implementation and operating effectiveness of the Bank's General IT controls over the key IT systems that are critical to financial reporting. This included evaluation of Bank's controls to evaluate segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified access of all users being rectified during the period of audit; • We also tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit; including testing of compensating controls or formed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Bank's Board of Directors is responsible for the preparation of the other information. The other information comprises the Chairman's Statement, the Directors Report including annexures to the Directors report and Corporate Governance Report included in the Annual Report, but does not include the financial statement and our auditors report thereon and the Basel II Disclosures under New Capital Adequacy Framework (Basel II Disclosures). The other information is expected to be made available to us after the date of this auditor's report.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

- Our opinion on the financial statements does not cover the other information and Basel II Disclosures and accordingly will not express any form of assurance conclusion thereon.

- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 (Revised) 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the with the provisions of Section 29 of the Banking Regulation Act, 1949, Accounting Standards and other accounting principles generally accepted in India and the circulars, guidelines and the directions issued by the Reserve Bank of India, from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the financial reporting process of Bank.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

Other Matter

The financial statements as at and for the year ended March 31, 2021, have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial statements dated April 29, 2021 expressed an unmodified opinion.

Our opinion on the financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act and Section 30(3) of the Banking Regulation Act, 1949, based on our Audit, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and found them to be satisfactory.

    b) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the bank.

    c) As explained in the paragraph 2 below, the financial accounting system of the Bank are centralised and, therefore, accounting returns are not required to be submitted by branches.

    d) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.

    e) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    f) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act as applicable to the Banks.

    g) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

    h) With respect to the adequacy of the internal financial controls with reference to financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's internal financial controls with reference to financial statements.

    i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the entity being a banking company, section 197 of the Act related to the managerial remuneration is not applicable by virtue of Section 35B(2A) of the Banking Regulation Act, 1949.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 12 to the financial statements;

ii. The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank;

iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries – Refer note 18.B(10) to the financial statements.

(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries – Refer note 18.B(10) to the financial statements.

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.

v. As stated in note 18.B(8) to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

2. We report that during the course of our audit we have visited and performed select relevant procedures at 33 branches. Since the Bank considers its key operations to be automated, with the key applications largely integrated to the Core Banking System, it does not require its branches to submit any financial returns. Accordingly, our audit is carried out centrally at Head Office based on the records and data required for the purpose of Audit being made available to us.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117365W)

G. K. Subramaniam
Partner
Membership No. 109839
UDIN: 22109839AHURFG6638
Place: Jaipur
Date: April 26, 2022

For **G.M. Kapadia & Co.**
Chartered Accountants
(Firm Registration No. 104767W)

Atul Shah
Partner
Membership No. 039569
UDIN: 22039569AHVBND7276
Place: Jaipur
Date: April 26, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **AU Small Finance Bank Limited** (the "Bank") as of March 31, 2022 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013, the Banking Regulation Act, 1949 and the guidelines issued by the Reserve Bank of India.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Bank based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. the procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

Meaning of Internal Financial Controls with reference to financial statements

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of internal financial control with reference to financial statements

Because of the inherent limitations of internal financial control with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Bank has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117365W)

G. K. Subramaniam
Partner
Membership No. 109839
UDIN: 22109839AHURFG6638
Place: Jaipur
Date: April 26, 2022

For **G.M. Kapadia & Co.**
Chartered Accountants
(Firm Registration No. 104767W)

Atul Shah
Partner
Membership No. 039569
UDIN: 22039569AHVBND7276
Place: Jaipur
Date: April 26, 2022

AU SMALL FINANCE BANK LIMITED

Balance Sheet as at March 31, 2022

(₹ in '000)

Particulars	Schedule	As at March 31, 2022	As at March 31, 2021
CAPITAL & LIABILITIES			
Capital	1	3,149,000	3,122,134
Employees stock options outstanding		413,316	1,031,171
Reserves & Surplus	2	71,577,824	58,598,853
Deposits	3	525,846,206	359,793,142
Borrowings	4	59,907,786	70,296,957
Other Liabilities and Provisions	5	29,883,872	23,070,802
Total		**690,778,004**	**515,913,059**
ASSETS			
Cash and Balances with Reserve Bank of India	6	24,684,072	15,693,478
Balances with banks and Money at Call and Short Notice	7	34,601,078	32,119,877
Investments	8	153,065,043	108,154,139
Advances	9	460,952,564	346,089,142
Fixed Assets	10	6,225,713	4,823,685
Other Assets	11	11,249,534	9,032,738
Total		**690,778,004**	**515,913,059**
Contingent Liabilities	12	21,076,078	12,208,441
Bills for Collection		-	-
Significant accounting policies and notes to accounts forming part of financial statements	17 & 18		

The Schedules referred to above form an integral part of the Balance Sheet.
As per our attached Report of even date.

For Deloitte Haskins & Sells
Chartered Accountants
ICAI Firm Registration No.: 117365W

G. K. Subramaniam
Partner
Membership No. 109839
Place : Jaipur

For G.M. Kapadia & Co.
Chartered Accountants
ICAI Firm Registration No.: 104767W

Atul Shah
Partner
Membership No. 039569
Place : Jaipur

Date : April 26, 2022

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Raj Vikash Verma
(Non-Executive Independent Part Time Chairman)
DIN : 03546341
Place : Jaipur

Sanjay Agarwal
(Managing Director and CEO)
DIN : 00009526
Place : Jaipur

Uttam Tibrewal
(Whole Time Director)
DIN : 01024940
Place : Jaipur

Vimal Jain
(Chief Financial Officer)
Place : Jaipur

Manmohan Parnami
(Company Secretary)
Membership No. F9999
Place : Jaipur

AU SMALL FINANCE BANK LIMITED

Profit and Loss Account for the Year ended March 31, 2022

(₹ in '000)

Particulars	Schedule	Year Ended March 31, 2022	Year Ended March 31, 2021
I. INCOME			
Interest earned	13	59,217,307	49,500,515
Other income	14	9,936,943	14,209,326
Total Income		**69,154,250**	**63,709,841**
II. EXPENDITURE			
Interest expended	15	26,876,058	25,846,097
Operating expenses	16	24,127,743	16,584,252
Provisions & contingencies (refer note 15 (e) - schedule 18A)		6,852,105	9,572,646
Total Expenditure		**57,855,906**	**52,002,995**
III. PROFIT/LOSS			
Net profit/ (loss) for the year		11,298,342	11,706,846
Add: Balance in Profit/Loss Account brought forward from previous year		26,911,021	18,873,181
Total		**38,209,363**	**30,580,027**
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		2,824,586	2,926,712
Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 (refer schedule 2.III)		1,172,992	770,000
Transfer to Capital Reserve		185,190	288,747
Transfer to / (from) Investment Fluctuation Reserve		202,389	(316,451)
Dividend paid		-	-
Balance carried over to Balance Sheet		33,824,206	26,911,019
Total		**38,209,363**	**30,580,027**
V. EARNING PER SHARE (refer note 23- schedule 18B)			
Basic (₹)		36.06	38.19
Diluted (₹)		35.69	37.86
Nominal value per share (₹)		10.00	10.00
Significant accounting policies and notes to accounts forming part of financial statements	17 & 18		

The Schedules referred to above form an integral part of the Profit and Loss Account.
As per our attached Report of even date.

For Deloitte Haskins & Sells
Chartered Accountants
ICAI Firm Registration No.: 117365W

G. K. Subramanjam
Partner
Membership No. 109839
Place : Jaipur

For G.M. Kapadia & Co.
Chartered Accountants
ICAI Firm Registration No.: 104767W

Atul Shah
Partner
Membership No. 039569
Place : Jaipur

Date : April 26, 2022

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Raj Vikash Verma
(Non-Executive Independent Part Time Chairman)
DIN : 03546341
Place : Jaipur

Sanjay Agarwal
(Managing Director and CEO)
DIN : 00009526
Place : Jaipur

Uttam Tibrewal
(Whole Time Director)
DIN : 01024940
Place : Jaipur

Vimal Jain
(Chief Financial Officer)
Place : Jaipur

Manmohan Parnami
(Company Secretary)
Membership No. F9999
Place : Jaipur

AU SMALL FINANCE BANK LIMITED

Cash Flow Statement for the Year Ended on March 31, 2022

(₹ in '000)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Cash Flow From Operating Activities		
Profit after tax	**11,298,342**	**11,706,846**
Add: Provision for tax	3,242,362	2,878,236
Net Profit Before Taxes	**14,540,704**	**14,585,082**
Adjustments for :-		
Employee Stock Options Expense	184,834	767,915
Depreciation on Bank's Property	1,401,666	1,043,685
Amortization of Premium on HTM Investments	766,311	356,451
Provision for Employee Expenses	91,281	(88,187)
Provision for Non Performing Assets, Standard Assets and Other Provisions	3,605,012	5,682,866
Loss on sale of Fixed Assets	6,366	9,304
Operating profit before working capital changes	**20,596,175**	**22,357,116**
Movement in working capital		
Decrease / (Increase) in Investments (other than HTM Investments)	(953,618)	6,366,180
Decrease / (Increase) in Advances	(114,325,107)	(81,233,914)
Decrease / (Increase) in Other Assets	(1,800,989)	(1,786,122)
(Decrease) / Increase in Deposits	166,053,064	98,153,857
(Decrease) / Increase in Other Liabilities and Provisions	2,768,858	9,847,181
Cash Flow from Operating Activities	**72,338,383**	**53,704,298**
Direct Taxes Paid (Net of refunds)	(3,848,564)	(3,143,287)
Net Cash Flow from Operating Activities (A)	**68,489,819**	**50,561,011**
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2,824,892)	(1,412,263)
Proceeds from Sale of Fixed Assets	14,832	15,570
Investments in HTM securities (Net)	(44,723,597)	(8,500,756)
Net cash flow (used) in Investing Activities (B)	**(47,533,657)**	**(9,897,449)**
Cash Flow from Financing Activities		
Proceeds from /(Repayment of) borrowings	(10,389,171)	(33,056,279)
Money received on exercise of Stock Options / Issue of Shares	904,804	6,579,785
Share Issue Expenses	-	(70,499)
Net cash flow (used in) Financing Activities (C)	**(9,484,367)**	**(26,546,993)**
Net Increase in Cash and Cash Equivalents (A + B + C)	**11,471,795**	**14,116,569**

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

AU Small Finance Bank Limited JAIPUR

AU SMALL FINANCE BANK LIMITED

Cash Flow Statement for the Year Ended on March 31, 2022

(₹ in '000)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Cash and Cash Equivalents at the beginning of the year (Refer Note Below)	47,813,355	33,696,786
Cash and Cash Equivalents at the end of the year (Refer Note Below)	**59,285,150**	**47,813,355**
Note:		
Balance with Banks in India in Fixed Deposit (As per Sch 7 I (i) (b))	234,041	2,214,111
Balance with Banks in India in Current Account (As per Sch 7 I (i) (a))	1,517,037	955,766
Money at Call and Short Notice in India (as per Sch 7 I (ii))	32,850,000	28,950,000
Cash in hand (including foreign currency notes) (As per Sch 6 I)	4,536,032	4,182,772
Balance with RBI in Current Accounts (As per Sch 6 II)	20,148,040	11,510,706
Cash and Cash Equivalents at the end of the year	**59,285,150**	**47,813,355**

As per our attached Report of even date.

For Deloitte Haskins & Sells
Chartered Accountants
ICAI Firm Registration No.: 117365W

G. K. Subramaniam
Partner
Membership No. 109839
Place : Jaipur

For G.M. Kapadia & Co.
Chartered Accountants
ICAI Firm Registration No.: 104767W

Atul Shah
Partner
Membership No. 039569
Place : Jaipur

Date : April 26, 2022

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Raj Vikash Verma
(Non-Executive Independent Part Time Chairman)
DIN : 03546341
Place : Jaipur

Sanjay Agarwal
(Managing Director and CEO)
DIN : 00009526
Place : Jaipur

Uttam Tibrewal
(Whole Time Director)
DIN : 01024940
Place : Jaipur

Vimal Jain
(Chief Financial Officer)
Place : Jaipur

Manmohan Parnami
(Company Secretary)
Membership No. F9999
Place : Jaipur

AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2022

(₹ in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
SCHEDULE 1 : CAPITAL		
Authorized shares		
35,00,00,000 (March 31, 2021: 35,00,00,000) equity shares of ₹ 10/- each	3,500,000	3,500,000
Issued Subscribed and paid up capital		
I. 31,22,13,390 equity shares of ₹ 10/- each (March 31, 2021: 30,41,23,327 equity shares)	3,122,134	3,041,233
II. Add: 26,86,641 equity shares of ₹ 10/- each (March 31, 2021: 30,90,063 equity share) in pursuant to exercise of employee stock option	26,866	30,901
III. Add: Nil equity shares of ₹ 10/- each (March 31, 2021: 50,00,000 equity shares) in pursuant to QIP allotment	-	50,000
Total	**3,149,000**	**3,122,134**

(₹ in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
SCHEDULE 2 : RESERVES & SURPLUS		
I. Statutory Reserve		
Opening Balance*	9,217,175	6,290,463
Additions during the year under the Banking Regulation Act, 1949	2,824,586	2,926,712
Deductions during the year	-	-
Sub- Total	**12,041,761**	**9,217,175**
**Opening balance of Statutory Reserve includes ₹291.89 crore represents transfer of twenty percent of net profit after tax in accordance with the provision of Section 45-IC of Reserve Bank of India Act, 1934 pursuant to NBFC Regulations.*		
II. Share Premium		
Opening Balance	19,252,946	12,566,577
Add: Allotment of equity shares	1,680,627	6,756,868
Less: Utilised for share issue expenses	-	70,499
Sub- Total	**20,933,573**	**19,252,946**
III. Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		
Opening Balance	2,023,000	1,253,000
Additions during the year	1,172,992	770,000
Deductions during the year	-	-
Sub- Total	**3,195,992**	**2,023,000**
IV. Capital Reserve		
Opening Balance	385,615	96,868
Additions during the year	185,190	288,747
Deductions during the year	-	-
Sub- Total	**570,805**	**385,615**
V. Investment Fluctuation Reserve		
Opening Balance	809,098	1,125,549
Additions during the year	202,389	-
Deductions during the year (Excess of 2% of AFS and HFT portfolio)	-	316,451
Sub- Total	**1,011,487**	**809,098**
VI. Balance in Profit and Loss Account		
Balance in Profit and Loss Account	33,824,206	26,911,019
Sub- Total	**33,824,206**	**26,911,019**
Total	**71,577,824**	**58,598,853**

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

AU Small Finance Bank Limited JAIPUR

AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2022

(₹ in '000)

Particulars		As at March 31, 2022	As at March 31, 2021
SCHEDULE 3 : DEPOSITS			
A.I Demand Deposits			
(i) From Banks		388,603	349,642
(ii) From Others		25,303,456	15,972,597
	Sub- Total	**25,692,059**	**16,322,239**
A.II Savings Bank Deposits		**170,390,664**	**66,432,170**
A.III Term Deposits			
(i) From Banks		67,654,789	56,751,950
(ii) From Others		262,108,694	220,286,783
	Sub- Total	**329,763,483**	**277,038,733**
Total		**525,846,206**	**359,793,142**
B.I Deposits of branches in India		525,846,206	359,793,142
B.II Deposits of branches outside India		-	-
Total		**525,846,206**	**359,793,142**

(₹ in '000)

Particulars		As at March 31, 2022	As at March 31, 2021
SCHEDULE 4 : BORROWINGS			
I. Borrowings in India			
(i) Reserve Bank of India		-	-
(ii) Other Banks		4,854,498	3,439,092
(iii) Other Institutions and Agencies		55,053,288	66,857,865
	Sub Total	**59,907,786**	**70,296,957**
II. Borrowings outside India		-	-
Total		**59,907,786**	**70,296,957**
Secured Borrowings (Includes Refinance) other than CBLO, Tri-Party Repo, Repo and LAF Borrowings included in I above		50,553,288	58,957,865
Tier II Debt included in I above		5,000,000	6,150,000
Tier II Debt included in II above		-	-

(₹ in '000)

Particulars		As at March 31, 2022	As at March 31, 2021
SCHEDULE 5 : OTHER LIABILITIES AND PROVISIONS			
I. Bills Payable		1,884,695	968,530
II. Interest Accrued		2,505,483	3,338,804
III. Provision for Taxation		13,067	203,463
IV. Standard Asset provision		2,772,650	1,881,293
V. Others (including Provisions)*		22,707,977	16,678,712
Total		**29,883,872**	**23,070,802**

**Includes an additional contingency provision of ₹ 211.17 crores as at March 31, 2022 (previous year: 101.88 crore), of which the additional provision for the accounts restructured under RBI Resolution framework is at ₹ 53.62 crore as at March 31, 2022 (previous year: 31.88 crore).*

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

AU Small Finance Bank Limited JAIPUR

AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2022

(₹ in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
SCHEDULE 6 : CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in Hand (including Foreign Currency Notes - NIL)	4,536,032	4,182,772
II. Balances with Reserve Bank of India		
a. in Current Account	20,148,040	11,510,706
b. in Other Account	-	-
Total	**24,684,072**	**15,693,478**

(₹ in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
SCHEDULE 7 : BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE		
I. In India		
i) Balances with banks in		
(a) Current Accounts	1,517,037	955,766
(b) Other Deposit Accounts	234,041	2,214,111
ii) Money at call and short Notice		
(a) with Banks	32,850,000	28,950,000
(b) with Other Institutions	-	-
Sub- Total	**34,601,078**	**32,119,877**
II. Outside India		
i) in Current Accounts	-	-
ii) in Other Deposit Accounts	-	-
iii) in Money at Call and Short Notice	-	-
Sub- Total	**-**	**-**
Total	**34,601,078**	**32,119,877**

(₹ in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
SCHEDULE 8 : INVESTMENTS		
I. Investments in India in (net of Provision)		
i) Government Securities	110,543,135	77,807,715
ii) Other Approved Securities	-	-
iii) Shares	88,106	88,106
iv) Debentures and Bonds	23,877,964	22,336,920
v) Subsidiaries and /or Joint Venture	-	-
vi) Others [Units, Mutual Fund, Certificate of Deposits (CD), Commercial Paper (CP), Pass Through Certificates (PTC), Security Receipts (SR)]	18,555,838	7,921,398
Sub- Total	**153,065,043**	**108,154,139**
II. Investments outside India (net of provision)	-	-
Total	**153,065,043**	**108,154,139**

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

AU Small Finance Bank Limited JAIPUR

AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2022

(₹ in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
SCHEDULE 9 : ADVANCES		
A i) Bills Purchased and Discounted	2,473,245	109,588
ii) Cash Credits Overdrafts and Loans repayable on Demand	63,375,728	37,883,647
iii) Term loans	395,103,591	308,095,907
Total	**460,952,564**	**346,089,142**
B i) Secured by Tangible Assets (includes advances against Book debts)	418,263,584	325,023,352
ii) Covered by Bank / Government Guarantees (includes Advance to Banks)	8,912,662	5,658,677
iii) Unsecured	33,776,318	15,407,113
Total	**460,952,564**	**346,089,142**
C. I Advances in India		
i) Priority Sectors*	327,069,821	243,389,369
ii) Public Sector	-	-
iii) Banks	3,013,090	5,423,021
iv) Others	130,869,653	97,276,752
Total	**460,952,564**	**346,089,142**
C. II Advances outside India	-	-
Total	**460,952,564**	**346,089,142**

**Priority sectors for the current year includes ₹ 18,000.00 crore (previous year : ₹ 14,700.00 crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC).*

Above Advances are net of provisions.

(₹ in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
SCHEDULE 10 : FIXED ASSETS		
I. **Premises (including Land)**		
Gross Block		
At Cost as on 31st March of the preceding year	632,403	589,876
Additions during the year	1,266	42,527
Deductions during the year	3,579	-
Sub- Total	**630,090**	**632,403**
Depreciation		
As at 31st March of the preceding year	28,334	21,776
Add: charge during the year	6,856	6,558
Deductions during the year	1,794	-
Sub- Total	**33,396**	**28,334**
Net Block	**596,694**	**604,069**
II. **Other Fixed Assets (including Furniture & Fixtures)**		
Gross Block		
At Cost as on 31st March of the preceding year	7,334,352	5,999,930
Additions during the year	2,734,571	1,417,186
Deductions during the year	88,801	82,764
Sub- Total	**9,980,122**	**7,334,352**
Depreciation		
As at 31st March of the preceding year	3,164,687	2,185,450
Add: charge during the year	1,394,810	1,037,127
Deductions during the year	69,388	57,890
Sub- Total	**4,490,109**	**3,164,687**
Net Block	**5,490,013**	**4,169,665**
III. **Capital Work in Progress**	139,006	49,951
Total	**6,225,713**	**4,823,685**

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

AU Small Finance Bank Limited JAIPUR

AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2022

(₹ in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
SCHEDULE 11 : OTHER ASSETS		
i) Interest Accrued	5,583,965	4,999,528
ii) Tax paid in Advance / Tax Deducted at Sources (Net of Provisions)	26	46
iii) Deferred Tax Assets (Net)	1,421,556	1,005,729
iv) Advance for expenses	382,924	252,390
v) Security Deposits	479,866	366,543
vi) Others	3,381,197	2,408,502
Total	**11,249,534**	**9,032,738**

(₹ in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
SCHEDULE 12 : CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as Debts	365,158	188,660
II. Guarantees given on behalf of Constituents		
a) In India	14,651,112	6,728,556
b) Outside India	-	-
III. Acceptances Endorsements and Other Obligation	711,914	318,662
IV. Other items for which the Bank is Contingently Liable		
(a) Credit enhancements provided by the Bank towards assets assignment/securitisation	3,783,734	3,826,375
(b) Capital commitments not provided	1,139,230	1,040,853
(c) Other Guarantees	424,930	105,335
Total	**21,076,078**	**12,208,441**

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

AU Small Finance Bank Limited JAIPUR

AU SMALL FINANCE BANK LIMITED

Schedules forming part of the Profit and Loss Account for the Year ended March 31, 2022

(₹ in '000)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
SCHEDULE 13 : INTEREST EARNED		
I. Interest / Discount on Advances / Bills	48,815,523	39,473,625
II. Income on Investments	7,805,320	7,730,430
III. Interest on Balances with RBI and Other Inter-Bank Funds	870,812	850,066
IV. Others	1,725,652	1,446,394
Total	**59,217,307**	**49,500,515**

(₹ in '000)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
SCHEDULE 14 : OTHER INCOME		
I. Commission, Exchange and Brokerage	6,126,405	4,282,869
II. Profit / (Loss) on sale of Investments (net)	1,429,695	8,542,009
III. Profit / (Loss) on sale of Land Building & Other Assets (net)	(6,366)	(9,304)
IV. Miscellaneous Income (refer note 16- schedule 18B)	2,387,208	1,393,752
Total	**9,936,942**	**14,209,326**

(₹ in '000)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
SCHEDULE 15 : INTEREST EXPENDED		
I. Interest on Deposits	22,635,367	18,572,104
II. Interest on Reserve Bank of India /Inter Bank Borrowings	109,913	495,916
III. Others	4,130,778	6,778,077
Total	**26,876,058**	**25,846,097**

(₹ in '000)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
SCHEDULE 16 : OPERATING EXPENSES		
I. Payments to and Provision for Employees	13,789,217	9,801,731
II. Rent, Taxes and Lighting	1,376,167	989,303
III. Printing and Stationery	221,302	104,157
IV. Advertisement and Publicity	789,469	237,760
V. Depreciation on Bank's Property	1,401,666	1,043,685
VI. Directors' fees- allowances and expenses	26,697	18,151
VII. Auditors' Fee and expenses	20,079	14,082
VIII. Law charges (includes Professional Fees)	333,901	226,204
IX. Postages, Telegrams, Telephones etc.	642,942	381,873
X. Repairs and Maintenance (includes AMC)	1,253,464	923,072
XI. Insurance	451,783	321,718
XII. Direct marketing expenses (Payout expenses)	1,308,202	927,848
XIII. Travelling & Conveyance	566,832	326,035
XIV. Other Expenditure	1,946,022	1,268,633
Total	**24,127,743**	**16,584,252**

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AU SMALL FINANCE BANK LIMITED

SCHEDULE 17 : Basis of preparation and significant Accounting Policies

1. Background

AU Small Finance Bank Limited (formerly known as Au Financiers (India) Limited) ("AUSFBL" or "the Company" or "the Bank") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

The Company had originally obtained its license from Reserve Bank of India ('RBI') to operate as a non-deposit accepting Non-Banking Financial Company (NBFC-ND). on November 7, 2000 vide certificate of registration no. B-10-00139.

The Company has commenced its operations as a Small Finance Bank from April 19, 2017 pursuant to the approval received from the RBI dated December 20, 2016.

The Bank is engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations and other services. The Bank operates in India only and does not have presence in any foreign country.

The Bank is governed by the Banking Regulation Act, 1949, banking guidelines issued by the RBI on Small Finance Bank 2016, and the Companies Act, 2013.

2. Basis of preparation

The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and complying with the requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank which is used in the preparation of financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the RBI from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, Companies (Accounting Standards) Amendment Rules, 2016 as amended from time to time in so far as they apply to banks. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for its share based payments as stated in para 4 (R) below.

3. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP as applicable to Banks requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses for the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates. Any revision in the accounting estimates is recognized prospectively in the current and future periods.

4. Significant accounting policies

A. Advances

(i) Classification

Advances are classified as performing assets and non-performing assets ('NPAs') in accordance with the RBI guideline on Income Recognition and Asset Classification (IRAC). Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. The advances are stated net of specific provisions made towards NPAs and unrealised interest on NPAs. Interest on NPAs is transferred to an interest suspense account and not recognised in the Profit and Loss Account until received.

(ii) Provisioning

Provision for non-performing advances comprising sub-standard, doubtful and loss assets is made at a minimum in accordance with the RBI guidelines. In addition, the Bank considers accelerated specific provisioning that is based on past experience, evaluation of security and other related factors. Specific loan loss provision in respect of non-performing advances are charged to the Profit and Loss Account. Any recoveries made by the Bank in case of NPAs written off are recognised in the Profit and Loss Account. Provisions in respect of credit card receivables classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI.

The floating provisions are made in conformity with RBI guidelines and is netted off against advances and not disclosed separately under Other liabilities.

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During the current year, the Bank has revised its NPA provisioning estimate with the approval of the Board. Accordingly, the bank has created a provision of ₹ 142.81 crore.

The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advances / securities, which would generally include, among others, alteration of repayment period / repayable amount / the amount of instalments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made and classification thereof is as per the extant RBI guidelines.

In accordance with the RBI guidelines on the prudential framework for resolution of stressed assets and the resolution framework for COVID-19 related stress, the Bank in accordance with its Board approved policy, carried out one-time restructuring of eligible borrowers. The asset classification and necessary provisions thereon are done in accordance with the said RBI guidelines.

In accordance with RBI guidelines, the Bank has provided general provision on standard assets at levels stipulated by RBI from time to time. - direct advances to sectors agricultural and SME at 0.25%, commercial real estate at 1.00%, restructured standard advance at 5.00%, commercial real estate-residential housing at 0.75%, housing loans (which have adequate Loan to Value (LTV) ratio as prescribed by RBI) at 0.25% and for other sectors at 0.40%. Provision made against standard assets in accordance with RBI guidelines as above is disclosed separately under Other Liabilities and not netted off against Advances.

Provision for unhedged Foreign Currency Exposure of borrowers is made as per the RBI guidelines.

B. Securitisation and transfer of assets

The Bank securitises out its receivables to Special Purpose Vehicles ('SPVs') in securitisation transactions. Such securitised-out receivables are de-recognised in the Balance Sheet when they are transferred (conditions as prescribed in the Reserve Bank of India (Securitisation of Standard Assets) Directions 2021 being fully met with) and consideration is received by the Bank. In respect of receivable pools securitised-out, the Bank provides liquidity facility and credit enhancements, as specified by the rating agencies, in the form of cash collaterals / guarantees and / or by subordination of cash flows in line with the RBI guidelines. The Bank also acts as a servicing agent for receivable pools securitised-out.

The Bank enters into transactions for transfer of standard assets through the direct assignment of cash flows, which are similar to asset-backed securitisation transactions through the SPV route, except that such portfolios of receivables are assigned directly to the purchaser and are not represented by Pass Through Certificates ('PTCs').

In accordance with the Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, the Bank does not provide liquidity facility or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines. The Bank amortises any profit received for every individual securitisation or direct assignment transaction based on the method prescribed in these guidelines.

The Bank invests in PTCs issued by other SPVs. These are accounted for at the deal value and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the tenor of the loans.

In accordance with RBI guidelines on sale of nonperforming advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances. Advances exclude derecognised securitised advances, inter-bank participation certificates issued.

C. Priority Sector Lending Certificates (PSLCs)

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as 'Miscellaneous Income' and the fee paid for purchase of the PSLCs is recorded as 'Other Expenditure' in the Profit and Loss Account.

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SCHEDULE 17 : Basis of preparation and significant Accounting Policies

D. Investments

Classification and valuation of the Bank's Investments is carried out in accordance with RBI and Fixed Income Money Market and Derivatives Association ('FIMMDA') guidelines issued in this regard from time to time.

(i) Classification

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' ('HTM') categories (hereinafter called "categories").

Investments, which the Bank intends to hold till maturity, are classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments.
For the purpose of disclosure in the financial statements, the investments are classified under six groups (hereinafter called "groups"):

a) Government Securities;
b) Other Approved Securities;
c) Shares;
d) Debentures and Bonds;
e) Subsidiaries / Joint Ventures; and
f) Other Investments.

All investments purchase and sale including equity shares are recorded under "Settlement Date" Accounting.

(ii) Acquisition cost

The cost of investments is determined on weighted average basis. Broken period interest on debt instruments and government securities are considered as a revenue item. The transaction costs including brokerage, commission, transaction/settlement charges etc. paid at the time of acquisition of investments are recognised in Profit and Loss Account.

(iii) Transfer between categories

Transfer of investments between categories, if any are considered in accordance with the extant RBI guidelines as follows:

a) Transfer from AFS /HFT to HTM is made at the lower of book value or market value at the time of transfer;

b) Transfer from HTM to AFS/HFT is made at acquisition price/book value if originally placed in HTM at par or at a discount and at amortised cost if originally placed in HTM at a premium;

c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provisions for depreciation against the HFT securities or vice-versa.

(iv) Valuation

Investments classified under HTM need not be marked to market and are carried at acquisition cost, unless it is more than face value, in which case the premium is amortised over the period remaining maturity by applying constant price method (Straight Line Method). Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines.

Bank recognises any diminution, other than temporary, in the value of their investment under HTM category for each investment individually.

Investments classified as AFS and HFT are marked to-market on a periodic basis as per relevant RBI guidelines. The securities are valued scrip-wise, and any depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accreted for the holding period.

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Quoted investments are valued at traded/ quoted price available on the recognised stock exchanges, subsidiary general ledger account transactions, price list of RBI or prices declared by Financial Benchmark India Pvt. Ltd ('FBIL') jointly with Fixed Income Money Market and Derivatives Association (FIMMDA) applicable as at the balance sheet date. For deriving market value of unquoted fixed income securities (other than Central and State Government securities), yields / mark-up rates (reflecting associate credit risk) published by the FIMMDA is used. The market value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is valued as per rates published by FBIL/FIMMDA.

Security receipts are valued as per the net asset value provided by the issuing Asset Reconstruction Company from time to time.

In case of unquoted bonds, debentures and preference shares where interest / dividend is received regularly (i.e., not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA)/ Financial Benchmark India Pvt. Ltd ('FBIL') and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity published by FIMMDA is adopted for this purpose.

Equity shares for which current quotations are not available or where the shares are not quoted on the stock exchanges, should be valued at break-up value (without considering 'revaluation reserves', if any) which is to be ascertained from the company's latest balance sheet (which should not be more than 18 months prior to the date of valuation). In case the latest balance sheet is not available the shares are to be valued at Re.1 per company, as per relevant RBI guidelines.

Investment in mutual fund units are valued at latest available re-purchase price or Net Asset Value (where re-purchase price is not available) as declared by the mutual fund is respect of each particular scheme.

In case of funds with a lock-in period, where repurchase price/ market quote is not available, Units could be valued at Net Asset Value (NAV). If NAV is not available, then these could be valued at cost, till the end of the locking period. Wherever the re-purchase price is not available, the Units is valued at the NAV of the respective scheme.

Units of Venture Capital Funds (VCF) held under AFS category are valued using the Net Asset Value (NAV) shown by VCF as per the financial statement. The VCFs are valued based on the audited results once in a year. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF.

Net depreciation in the value, if any, compared to the acquisition cost, in any of the aforesaid six groups, is charged to the Profit and Loss Account. The net appreciation, if any, in any of the six groups is not recognised except to the extent of depreciation already provided. The valuation of investments includes securities under repo transactions. The book value of individual securities is not changed after the valuation of investments.

Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss Account until received.

(v) Disposal of investments

Profit / Loss on sale of investments under AFS and HFT categories are recognised in the Profit and Loss Account. Profit in respect of investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account as per RBI guidelines. Loss on sale from HTM is recognised in the Profit and Loss account.

(vi) Investment Fluctuation Reserve

As per the RBI circular RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, to build up adequate reserves to protect against increase in yields in future, the Bank has created an Investment Fluctuation Reserve (IFR) to the extent of the lower of following:

a) net profit on sale of investments during the year;
b) net profit for the year less mandatory appropriations.

As per the RBI circular, this reserve will be created until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis and where feasible this should be achieved within a period of three year.

(vii) Repo and reverse repo transactions

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions including liquidity adjustment facility (with RBI) accounted for as borrowing and lending transactions. Accordingly, securities given as collateral under an agreement to repurchase them are held under the investments of the Bank and the Bank is accruing the coupon/discount on such securities during the repo period.

Also, the Bank value the securities sold under repo transactions as per the investment classification of the securities. The difference between the clean price of the first leg and clean price of the second leg is recognised as interest income/expense over the period of the transaction in the Profit and Loss Account.

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SCHEDULE 17 : Basis of preparation and significant Accounting Policies

E. Transactions involving foreign exchange

Initial recognition

Transactions in foreign currencies entered into by the Bank are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the Balance Sheet date

Foreign currency monetary items, if any, of the Bank, outstanding at the balance sheet date are restated at the rates prevailing at the year-end as notified by Foreign Exchange Dealers Association of India('FEDAI'). Non-monetary items of the Bank are carried at historical cost.

Contingent liabilities on account of foreign exchange contracts, currency future contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

Treatment of Exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Bank are recognised as income or expense in the Profit and Loss Account.

F. Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plan:

Provident Fund
The Bank's contributions to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made when the services are rendered by the employees.

New Pension Scheme (NPS)
In respect of employees who opt for contribution to the NPS, the Bank contributes certain percentage of the basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year incurred.

Defined Benefits Plan

Gratuity
For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Profit and Loss Account in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested while otherwise, it is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Compensated absences - Long term Employee benefits

The Bank accrues the liability for compensated absences based on actuarial valuation as at the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Banks' obligation is determined using the Projected Unit Credit Method as at the Balance Sheet date. Actuarial gains/losses are recognised in the Profit and Loss Account in the year in which they arise.

Other Employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive.

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Share based payments

The Employee Stock Option Schemes (ESOSs) of the Bank are in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Schemes provide for grant of options on equity shares to employees of the Bank to acquire the equity shares of the Bank that vest in a cliff vesting or in a graded manner and that are to be exercised within a specified period.

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the intrinsic value method. The intrinsic value being the excess, if any, of the fair market price of the share under ESOSs over the exercise price of the option is recognised as deferred employee compensation with a credit to Employee's Stock Option (Grant) Outstanding account. The deferred employee compensation cost is amortised on a straight-line basis over the vesting period of the option. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of equity instruments that are outstanding. The fair market price is the latest available closing price preceding the date of grant of the option, on the stock exchange on which the shares of the Bank are listed.

In accordance with the RBI circular RBI/2021-22/95 DOR.GOV.REC.44/29.67.001/2021-22 "Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff – Clarification" dated August 30, 2021, Share-linked instruments granted to Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff after the accounting period ending March 31, 2021, shall be fair valued on the date of grant using Black-Scholes model.

The options that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion. In respect of the options which expire unexercised the balance standing to the credit of Employee's Stock Option (Grant) Outstanding accounts is transferred to Profit & Loss Account.

G. Revenue recognition

i) Interest Income is recognized on a time proportion accrual basis taking into account the amount outstanding and the interest rate implicit in the underlying agreements. Income or any other charges on non-performing assets or on assets taken in custody for recovery of loan through disposal of such assets during the period are recognized only when realized as per the IRAC norms of RBI. Any such income recognized and remaining unrealized, before the asset became non-performing or before disposal of assets in custody of the company, is reversed. Overdue interest is recognized on realization basis. Overdue interest is treated to accrue on realisation, due to the uncertainty of their realisation other than on running accounts where it is recognised when due.

ii) in case of CCOD and Credit card, Service charges, fees and commission income are recognised when due . Commission income on guarantee and letter of credit is recognised over the period of contract.

iii) Income on discounted instruments are recognised over the tenure of the instrument on a constant yield basis.

iv) Loan origination income i.e. processing fee and other charges are collected upfront and recognised at the inception of the loan.

v) All other charges such as Emi bounce charges, Cheque return charges, Legal charges, Seizing charges, etc. are recognised on realisation basis. These charges are treated to accrue on realisation, due to the uncertainty of their realisation.

vi) Dividend income is recognized on an accrual basis when the right to receive the dividend is established.

vii) Interest income on deposits with banks and other financial institutions are recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.

viii) Interest income on investments is recognised on accrual basis.

ix) Gains arising on securitisation of assets is recognised over the tenure of securities issued by SPV as per guidelines on securitisation of standard assets issued by RBI. Income from excess interest spread is accounted for net of losses when redeemed in cash. Expenditure in respect of securitisation (except bank guarantee fees for credit enhancement) is recognised upfront. Bank guarantee fees for credit enhancement is amortised over the tenure of the agreements. Income arising on direct assignment is recognised over the tenure of agreement on accrual basis.

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x) Amounts recovered against debts written off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the Profit and Loss Account.

xi) Fees received on sale of Priority Sector Lending Certificates is recognised on proportionate basis during the financial year and considered as Miscellaneous Income, in accordance with the guidelines issued by the RBI and amortised on quarterly basis.

H. Credit Card Reward Points

The Bank estimates the probable redemption of credit card reward points and cost per point using an actuarial method by employing an independent actuary, which includes assumptions such as mortality, redemption and spends.

I. Accounting for leases

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term is classified as operating leases. Operating lease rentals are recognised as an expense on straight-line basis over the lease period in accordance with the AS 19, Leases.

J. Taxation

Tax expenses comprises of current income tax and deferred tax.

Income tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in Profit and Loss Account.

Deferred taxes

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Profit and Loss Account.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Bank has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Bank writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

K. Accounting for provisions, contingent liabilities and contingent assets

A provision is recognised when the Bank has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provisions for liabilities on the outstanding reward points on credit card are made based on an independent actuarial valuation as at the Balance Sheet date and included in other liabilities and provisions.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

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A contingent liability also arises where there is a liability that cannot be recognised because it cannot be measured reliably. The Bank does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

L. Earnings Per Share (EPS)

Basic and diluted earnings per share is computed in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the period

For the purpose of calculating diluted earnings per share, the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

M. Cash and Cash Equivalents

Cash and Cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

N. Fixed Assets

(i) Property, Plant and Equipment (PPE) and software

Property, Plant and Equipment and software are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use.

Gains or losses arising from derecognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Profit and Loss Account when the asset is derecognized.

(ii) Depreciation on Property, Plant and Equipment (PPE) and software:

Leasehold land is amortised on a straight-line basis over the period of lease.

Depreciation on Property, Plant, Equipment and software is charged on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management as given below. The useful lives have been estimated by the management based on technical advice obtained. Determination of useful life of an asset is a matter of judgment and based on various factors such as type and make of an item, its place and pattern of usage, nature of technology, obsolescence factors, availability of spares, etc. and makes a significant impact on the useful life of an asset.

Particulars	Useful Life (years)
Premises owned by the Bank	60
Furniture and Fixtures	10
Vehicles	8
Software	4-7
Computers, Printers, servers and other office equipment	3-6
ATMs	10
Safe, Locker and locker gate	15

Addition to lease hold premises are charged off over the remaining period of lease subject to maximum of 10 years.
Items individually costing up to ₹ 5,000 /- are fully depreciated in the year of installation/purchase. as the management estimates the useful life of such assets as one year.

Depreciation on assets acquired/sold during the period is recognised on a pro-rata basis to the Profit and Loss Account from/upto the date of acquisition/sale.

Profit on sale of immovable property net of taxes and transfer to statutory reserve, are transferred to capital reserve account.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

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(iii) Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(iv) Capital work-in-progress/ Software under development

Costs incurred towards acquisition of assets, including expenses incurred prior to those assets being put to use and directly attributable to bringing them to their working condition are included under "Capital Work in Progress". Capital Work in Progress including Software under development are stated at the amount incurred up to the date of Balance Sheet.

O. Segment Reporting

Part A: Business segments

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and accordance with guidelines issued by RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated April 18, 2007 and in compliance with the Accounting Standard 17 – "Segment Reporting". The Bank operates in the following segments:

(a) Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending and gains or losses on investment operations.

(b) Retail banking

The retail banking segment serves retail customers through a branch network and other delivery channels. This segment raises deposits from customers and provides loans and other services to customers with the help of specialist product groups. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof. Revenues of the retail banking segment are derived from interest earned on retail loans, fees from services rendered and income from credit card operation etc. expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.

(c) Wholesale banking

The wholesale banking segment provides loans and transaction services to large corporates, emerging corporates, public sector units, government bodies, financial institutions and medium scale enterprises. Revenues of the wholesale banking segment consist of interest earned on loans made to customers etc. The principal expenses of the segment consist of interest expense on funds borrowed from external sources, interest on deposits, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

(d) Other banking business

This segment includes income from para banking activities such as third party product distribution and the associated costs.

(e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes unallocable assets and liabilities such as deferred tax, prepaid expenses, etc.

Segment revenue includes earnings from customers. Segment result includes revenue less interest expense less operating expense and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Segment capital employed represents the net assets in that segment.

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Part B: Geographic segments

The Bank operates in a single geographic segment i.e. domestic.

P. Share Issue Expenses

Share issue expenses are adjusted from Securities Premium Account as permitted by Section 52 of the Companies Act, 2013.

Q. Accounting for Proposed Dividend

Dividend proposed/ declared including dividend distribution tax after the balance sheet date is accrued in the books of the Bank in the year in which the dividend is approved by the shareholders as per revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March 2016.

R. Change in Accounting policies

The Bank has applied its significant accounting policies in the preparation of these financial results consistent with those followed in the annual financial statements for the year ended March 31, 2021 except for its share based payments. In accordance with the RBI circular RBI/2021-22/95 DOR.GOV.REC.44/29.67.001/2021-22 "Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff – Clarification" dated August 30, 2021, Share-linked instruments granted to Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff after the accounting period ending March 31, 2021, has fair valued on the date of grant, using Black-Scholes model instead of Intrinsic value method. As a result, 'Employee cost' is higher by ₹ 2.80 crore for the year ended March 31, 2022 .

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

Amounts in notes forming part of the financial statements for the year ended March 31, 2022 are denominated in rupee crore to conform to extant RBI guidelines.

A. Disclosures as Laid Down by RBI Circulars

1 Regulatory Capital

a) Composition of Regulatory Capital

The Capital adequacy ratio ("CAR") has been computed as per operating guideline for Small Finance Bank in accordance with RBI Circular No. RBI/2016-17/81DBR. NBD.No.26/16.13.218/2016-17 dated October 6, 2016.

The Bank has followed Basel II standardized approach for credit risk in accordance with the Operating Guideline issued by the Reserve Bank of India for Small Finance banks. Further, the RBI vide its circular No. DBR.NBD.No. 4502/16.13.218/2017-18 dated November 8, 2017 has provided an exemption to all small Finance banks whereby no separate capital charge is prescribed for market risk and operational risk.

The total Capital Adequacy ratio of the Bank as at March 31, 2022 is 20.99% (previous year: 23.37%) against the regulatory requirement of 15.00% as prescribed by RBI.

No Capital Conservation Buffer and Counter - Cyclical Capital Buffer is applicable on Small Finance Bank (SFB) as per operating guidelines issued on SFB by RBI.

The following table set forth, for the year indicated, computation of Capital adequacy:

(₹ in Crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
(i)	Common Equity Tier 1 capital ratio (net of deductions, if any)	7,171.70	6,024.36
(ii)	Additional Tier 1 capital	-	-
(iii)	Tier 1 capital (i + ii)	7,171.70	6,024.36
(iv)	Tier 2 capital	472.39	513.52
(v)	Total capital (Tier 1+Tier 2)	7,644.09	6,537.88
(vi)	Total Risk Weighted Assets (RWAs)	36,416.69	27,972.82
(vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	19.69%	21.53%
(viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	19.69%	21.53%
(ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	1.30%	1.84%
(x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	20.99%	23.37%
(xi)	Leverage Ratio	9.99%	11.19%
(xii)	Percentage of the shareholding of Government of India	-	-
(xiii)	Amount of paid-up equity capital raised during the year*	2.69	8.09
(xiv)	Amount of non-equity Tier 1 capital raised during the year, of which:		
	a) Perpetual Non Cumulative Preference Shares (PNCPS)	-	-
	b) Perpetual Debt Instruments (PDI)	-	-
(xv)	Amount of Tier 2 capital raised during the year, of which		
	a) Perpetual Non Cumulative Preference Shares (PNCPS)	-	-
	b) Perpetual Debt Instruments (PDI)	-	-

** During the year ended March 31, 2022, the Bank allotted 26,86,641 equity shares (previous year: 30,90,063 equity shares) aggregating to paid up share capital of ₹ 2.69 crore (previous year: ₹ 3.09 crore). Further the reserves of the Bank have increased by ₹ 87.79 crore (previous year: ₹ 29.39 crore) in respect of stock options exercised.*

During the previous year ended March 31, 2021, the Bank has received an amount of ₹ 625.50 Crore upon allotment of 50,00,000 equity shares of face value ₹ 10 each, at an issue price of ₹ 1251 per share pursuant to Qualified Institutional Placement (QIP).

b) Draw down from reserves

There has been no draw down from reserves during the year ended March 31, 2022 and March 31, 2021 other than those disclosed under Schedule 2.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

2 Asset Liability Management

a) Maturity pattern of certain items of assets and liabilities

As at March 31, 2022

(₹ in Crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	1,302.90	1,410.34	1,077.29	1,661.97	3,171.66	1,834.18	5,347.72	10,198.98	25,710.90	623.36	245.32	52,584.62
Advances	5.08	277.13	1,182.72	555.22	1,532.40	1,286.11	3,097.81	5,661.52	18,174.19	6,986.15	7,336.93	46,095.26
Investments	3,155.15	176.85	353.67	372.79	763.42	429.92	1,684.10	2,491.81	5,373.93	351.44	153.42	15,306.50
Borrowings	0.39	-	63.34	91.50	134.49	87.30	981.64	1,128.41	2,600.97	744.14	158.60	5,990.78
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-	-

As at March 31, 2021

(₹ in Crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	175.51	1,792.06	1,484.88	1,213.48	1,776.92	1,262.08	3,477.58	8,994.13	15,361.24	317.05	124.38	35,979.31
Advances	16.97	454.41	579.55	361.79	825.03	919.59	2,417.18	4,530.84	13,380.38	5,622.26	5,500.91	34,608.91
Investments	2,720.16	136.93	236.32	268.85	330.88	525.44	1,109.69	1,510.83	3,763.82	120.63	91.86	10,815.41
Borrowings	1.51	251.26	379.01	95.20	742.50	276.38	1,370.22	1,310.58	1,793.54	764.04	45.46	7,029.70
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-	-

Classification of non-maturing assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

b) Liquidity Coverage ration (LCR)

i) Quantitative disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2022:

(₹ in Crore)

	Particular	Quarter ended March 31, 2022		Quarter ended December 31, 2021		Quarter ended September 30, 2021		Quarter ended June 30, 2021	
		Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		11,888.57		10,699.49		10,996.05		9,396.75
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:								
(i)	Stable deposits	4,757.80	237.89	4,135.16	206.76	3,580.86	179.04	3,278.33	163.92
(ii)	Less stable deposits	20,548.86	2,054.89	18,006.51	1,800.65	15,832.19	1,583.22	13,897.07	1,389.71
3	Unsecured wholesale funding, of which:								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non operational deposits (all counterparties)	10,980.08	6,761.99	8,592.01	5,727.48	7,318.16	5,259.10	6,896.27	5,042.03
(iii)	Unsecured debt	164.82	164.82	211.52	211.52	374.03	374.03	451.70	451.70
4	Secured wholesale funding		-		109.24		-		-
5	Additional requirements, of which :								
(i)	Outflows related to derivative exposures and other collateral requirements								
(ii)	Outflows related to loss of funding on debt products								
(iii)	Credit and liquidity facilities								
6	Other contractual funding obligations	998.52	998.52	900.46	900.46	797.27	797.27	663.04	663.04
7	Other contingent funding obligations	6,430.15	290.78	5,626.34	252.52	4,597.50	206.18	4,531.46	200.83
8	**Total Cash Outflows**		**10,508.89**		**9,208.63**		**8,398.84**		**7,911.23**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	2,609.72	-	2,331.90	-	2,470.72	-	1,328.56	-
10	Inflows from fully performing exposures	1,054.77	695.97	1,079.34	755.45	1,157.21	882.64	1,072.68	784.11
11	Other cash inflows	624.98	312.49	587.63	293.82	501.42	250.71	502.90	251.45
12	**Total Cash Inflows**		**1,008.46**		**1,049.27**		**1,133.35**		**1,035.56**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	**Total HQLA**		11,888.57		10,699.49		10,996.05		9,396.75
14	**Total Net Cash Outflows**		9,500.43		8,159.36		7,265.49		6,875.67
15	**Liquidity Coverage Ratio (%)**		**125.14%**		**131.13%**		**151.35%**		**136.67%**

* The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the respective quarters.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

i) Quantitative disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2021:

(₹ in Crore)

	Particular	Quarter ended March 31, 2021		Quarter ended December 31, 2020		Quarter ended September 30, 2020		Quarter ended June 30, 2020	
		Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		8,851.65		8,680.54		9,153.13		9,626.83
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:								
(i)	Stable deposits	2,945.04	147.25	2,553.08	127.65	2,172.56	108.63	1,860.01	93.00
(ii)	Less stable deposits	12,066.36	1,206.64	10,483.27	1,048.33	9,153.64	915.36	7,681.62	768.16
3	Unsecured wholesale funding, of which:								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non operational deposits (all counterparties)	7,852.97	6,094.21	7,147.86	5,808.64	6,634.09	5,397.08	7,288.09	5,885.27
(iii)	Unsecured debt	381.80	381.80	351.50	351.50	350.36	350.36	440.60	440.60
4	Secured wholesale funding		18.89		-		-		16.48
5	Additional requirements, of which :								
(i)	Outflows related to derivative exposures and other collateral requirements								
(ii)	Outflows related to loss of funding on debt products								
(iii)	Credit and liquidity facilities								
6	Other contractual funding obligations	841.09	841.09	745.37	745.37	556.49	556.49	526.00	526.00
7	Other contingent funding obligations	4,505.50	195.69	4,292.19	187.42	4,326.54	192.10	4,298.86	192.44
8	**Total Cash Outflows**		**8,885.57**		**8,268.91**		**7,520.02**		**7,921.95**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	1,845.80	-	1,743.49	-	1,874.45	-	1,919.08	-
10	Inflows from fully performing exposures	1,274.48	990.27	1,180.29	910.27	1,458.12	1,284.02	862.60	836.64
]	Other cash inflows	508.72	254.36	462.91	231.46	319.36	159.68	113.91	56.95
12	**Total Cash Inflows**		**1,244.63**		**1,141.73**		**1,443.70**		**893.59**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	**Total HQLA**		8,851.65		8,680.54		9,153.13		9,626.83
14	**Total Net Cash Outflows**		7,640.94		7,127.18		6,076.32		7,028.36
15	**Liquidity Coverage Ratio (%)**		**115.85%**		**121.79%**		**150.64%**		**136.97%**

* The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the respective quarters.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

ii) Qualitative disclosure on Liquidity Coverage Ratio (LCR):

To assess Bank's resilience in liquidity stress scenario of 30 days with its high-quality liquid assets, Banks is computing Liquidity Coverage Ratio (LCR) as per RBI - Basel III Framework on Liquidity Standards. High Ratio signifies Bank has enough liquid assets which it can use to fulfil its liquidity obligations in acute stress scenario. Ratio to compute as below :

$$LCR = \frac{\text{Stock of High Quality Liquid Assets (HQLA)}}{\text{Net Cash Outflows over a 30 days period}}$$

Stock of High Quality Liquid Asset is total funds liquid assets could generate in stress scenario. Net Cash outflows is the difference as derived by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in.

The Minimum LCR Requirement for Small Finance Banks (as per operating guidelines for Small Finance Banks RBI/2016-17/81 DBR.NBD.No.26/16.13.218/2016-17 dated Oct 06, 2016 & RBI circular RBI/2019-20/217 DOR.BP.BC.No.65/21.04.098/2019-20 dated Apr 17,2020) is 100%

The Bank has consistently maintained the LCR percentage well above the regulatory threshold limit. The average LCR for the quarter ended March 31, 2022 was 125% which is above the regulatory limit of 100%. For the quarter ended March 31, 2022 average HQLA stood at ₹ 11,889 Crores.

Asset Liability Committee (ALCO) of the Bank is the primary governing body for Liquidity Risk Management, Treasury is entrusted with the responsibility of liquidity management within the Bank under the guidance of the ALCO. ALM Risk unit independently measures, monitors & report Liquidity Risk as per regulatory & internal guidelines.

In computing the above information, certain estimates and assumptions have been made by the Bank's Management which have been relied upon by the auditors.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

c) Net Stable Funding Ratio (NSFR)

i) Quantitative disclosure on Net Stable Funding Ratio (NSFR) as on March 31, 2022:

NSFR Disclosure Template						
	(₹ in Crore)	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	7,514.01	-	-	500.00	8,014.01
2	Regulatory capital	7,381.38	-	-	-	7,381.38
3	Other capital instruments	132.64	-	-	500.00	632.64
4	Retail deposits and deposits from small business customers: (5+6)	14,649.34	3,236.45	3,512.44	6,321.41	25,235.11
5	Stable deposits	5,142.32	43.61	39.62	45.35	5,007.34
6	Less stable deposits	9,507.03	3,192.85	3,472.82	6,276.06	20,227.77
7	Wholesale funding: (8+9)	4,958.95	11,297.60	7,959.85	6,139.35	12,382.18
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	4,958.95	11,297.60	7,959.85	6,139.35	12,382.18
10	Other liabilities: (11+12)	2,988.39	-	-	-	-
11	NSFR derivative liabilities		-	-	-	
12	All other liabilities and equity not included in the above categories	2,988.39	-	-	-	-
13	**Total ASF (1+4+7+10)**					45,631.31
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)					595.08
15	Deposits held at other financial institutions for operational purposes	151.70	-	-	-	75.85
16	Performing loans and securities: (17+18+19+21+23)	-	10,428.33	5,531.84	37,124.07	36,927.06
17	Performing loans to financial institutions secured by Level 1 HQLA	-	3,285.00	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	1,394.67	365.33	752.13	1,143.99
19	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	4,702.69	3,973.45	32,028.96	31,682.56
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	218.31	196.11	678.29	648.30
21	Performing residential mortgages, of which:	-	36.56	39.61	2,553.42	1,849.82
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	23.29	25.20	1,793.34	1,189.91
23	Securities that are not in default and do not qualify as HQLA, including exchange- traded equities	-	1,009.42	1,153.45	1,789.55	2,250.68
24	Other assets: (sum of rows 25 to 29)	4,268.04	-	-	271.85	2,063.20
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	55.21	-	-	-	46.93
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	4,212.83	-	-	271.85	2,016.27
30	Off-balance sheet items		7891.53			355.89
31	Total RSF					**40,017.07**
32	Net Stable Funding Ratio (%)					114.03%

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

i) Quantitative disclosure on Net Stable Funding Ratio (NSFR) as on December 31, 2021:

	(₹ in Crore)	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	7,126.72	-	-	500.00	7,626.72
2	Regulatory capital	6,247.89	-	-	-	6,247.89
3	Other capital instruments	878.82	-	-	500.00	1,378.82
4	Retail deposits and deposits from small business customers: (5+6)	13,133.02	3,227.42	2,757.24	5,315.30	22,229.98
5	Stable deposits	4,446.04	45.33	33.41	40.65	4,337.16
6	Less stable deposits	8,686.98	3,182.08	2,723.83	5,274.65	17,892.82
7	Wholesale funding: (8+9)	4,246.47	10,218.59	5,838.31	3,610.52	8,614.46
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	4,246.47	10,218.59	5,838.31	3,610.52	8,614.46
10	Other liabilities: (11+12)	2,671.79	-	-	-	-
11	NSFR derivative liabilities		-	-	-	
12	All other liabilities and equity not included in the above categories	2,671.79	-	-	-	-
13	**Total ASF (1+4+7+10)**					38,471.15
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)					518.91
15	Deposits held at other financial institutions for operational purposes	119.60	-	-	-	59.80
16	Performing loans and securities: (17+18+19+21+23)	-	6,290.18	5,489.63	32,321.01	32,419.23
17	Performing loans to financial institutions secured by Level 1 HQLA	-	500.00	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	1,325.31	413.70	681.35	1,087.00
19	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	3,904.15	3,436.23	27,853.29	27,489.91
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	80.43	123.47	582.37	480.49
21	Performing residential mortgages, of which:	-	29.42	31.89	2,011.54	1,456.72
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	18.78	20.38	1,418.73	941.76
23	Securities that are not in default and do not qualify as HQLA, including exchange- traded equities	-	531.30	1,607.81	1,774.82	2,385.60
24	Other assets: (sum of rows 25 to 29)	3,726.68	-	-	520.18	2,176.46
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	55.64	-	-	-	47.29
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	3,671.04	-	-	520.18	2,129.17
30	Off-balance sheet items	6012.64				270.06
31	Total RSF					35,444.46
32	Net Stable Funding Ratio (%)					108.54%

ii) Qualitative disclosure on Net Stable Funding Ratio (NSFR):

AU Bank, as per the RBI guideline on NSFR dated May 17, 2018, is required to maintain the NSFR on an ongoing basis. The minimum NSFR requirement set out in the RBI guideline effective October 1, 2021, is 100%. The Basel Committee on Banking Supervision (BCBS) had introduced the Net Stable Funding Ratio (NSFR) to ensure resilience over a longer-term time horizon by requiring banks to fund their activities with more stable sources of funding. NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. "Available stable funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required stable funding") (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures.

The NSFR as on March 31, 2022 was at 114 % (at 109% as on December 31, 2021).

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

3 Investments

a) Composition of Investment Portfolio

As at March 31, 2022

(₹ in Crore)

	Investments in India							Investments outside India				
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government Securities	Subsidiaries and/or joint ventures	Others	Total Investments outside India	Total Investments
Held to Maturity												
Gross	10,250.65	-	-	-	-	-	10,250.65	-	-	-	-	10,250.65
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	**10,250.65**	-	-	-	-	-	**10,250.65**	-	-	-	-	**10,250.65**
Available for Sale												
Gross	805.23	-	8.81	2,387.80	-	1,855.58	5,057.42	-	-	-	-	5,057.42
Less: Provision for depreciation and NPI	1.57	-	-	-	-	-	1.57	-	-	-	-	1.57
Net	**803.66**	-	**8.81**	**2,387.80**	-	**1,855.58**	**5,055.85**	-	-	-	-	**5,055.85**
Held for Trading												
Gross	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments	**11,055.88**	-	**8.81**	**2,387.80**	-	**1,855.58**	**15,308.07**	-	-	-	-	**15,308.07**
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	1.57	-	-	-	-	-	1.57	-	-	-	-	1.57
Net	**11,054.31**	-	**8.81**	**2,387.80**	-	**1,855.58**	**15,306.50**	-	-	-	-	**15,306.50**

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

As at March 31, 2021

(₹ in Crore)

	Investments in India							Investments outside India				
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government Securities	Subsidiaries and/or joint ventures	Others	Total Investments outside India	Total Investments
Held to Maturity												
Gross	6,800.56	-	-	-	-	-	6,800.56	-	-	-	-	6,800.56
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	**6,800.56**	-	-	-	-	-	6,800.56	-	-	-	-	6,800.56
Available for Sale												
Gross	1,005.94	-	8.81	2,233.69	-	792.14	4,040.58	-	-	-	-	4,040.58
Less: Provision for depreciation and NPI	30.62	-	-	-	-	-	30.62	-	-	-	-	30.62
Net	**975.32**	-	**8.81**	**2,233.69**	-	**792.14**	4,009.96	-	-	-	-	4,009.96
Held for Trading												
Gross	4.90	-	-	-	-	-	4.90	-	-	-	-	4.90
Less: Provision for depreciation and NPI	0.01	-	-	-	-	-	0.01	-	-	-	-	0.01
Net	**4.89**	-	-	-	-	-	4.89	-	-	-	-	4.89
Total Investments	**7,811.40**	-	**8.81**	**2,233.69**	-	**792.14**	10,846.04	-	-	-	-	10,846.04
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	30.63	-	-	-	-	-	30.63	-	-	-	-	30.63
Net	**7,780.77**	-	**8.81**	**2,233.69**	-	**792.14**	10,815.41	-	-	-	-	10,815.41

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021
(i) Movement of provisions held towards depreciation on investments		
(i) Opening balance	30.63	0.02
(ii) Add: Provisions made during the year*	6.63	55.21
(iii) Less: Write off / write back of excess provisions during the year*	35.69	24.60
(iv) Closing balance	**1.57**	**30.63**
(ii) Movement of Investment Fluctuation Reserve		
(i) Opening balance	80.91	112.55
(ii) Add: Amount transferred during the year	20.24	-
(iii) Less: Drawdown	-	31.64
(iv) Closing balance	**101.15**	**80.91**
(iii) Closing balance in IFR as a percentage of closing balance of investments# in AFS and HFT/Current category	2.00%	2.02%

#Carrying value less net depreciation (ignoring net appreciation) i.e. the net amount reflected in the balance sheet.

c) Sale and Transfers to / from HTM Category

During the year ended March 31, 2022 and the previous year ended March 31, 2021 the Bank has not sold and transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM, Repurchase of Government Securities by Government of India from banks under buyback / switch operations, Repurchase of State Development Loans by respective state governments under buyback / switch operations and Additional shifting of securities explicitly permitted by the Reserve Bank of India as the case may be.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

d) Non-SLR investment portfolio

i) Non-performing non-SLR investments

The Bank does not have any Non performing Non-SLR investment as on March 31, 2022 and March 31, 2021.

ii) Issuer composition of non-SLR investments

Issuer-wise composition of non-SLR investments as at March 31, 2022:

(₹ in Crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities**
1	2	3	4	5	6	7
(i)	Public sector undertakings	431.86	199.77	-	-	-
(ii)	Financial institutions $	3,000.87	1,761.31	-	-	
(iii)	Banks	504.42	463.42	-	-	-
(iv)	Private corporates	250.72	200.00	-	-	50.72
(v)	Subsidiaries / Joint Ventures	-	-	-	-	-
(vi)	Others #	64.32	64.33	-	-	
(vii)	Provision held towards depreciation	-	-	-	-	-
	Total	4,252.19	2,688.83	-	-	50.72

Amounts reported under column 4, 5, 6 and 7 above are not mutually exclusive.

** Excludes investments in equity shares in line with extant RBI guidelines.*

*** Excludes investments in equity shares, Pass Through Certificates (PTC), Certificate of Deposit (CD), Security Receipts (SR) and Commercial Paper (CP) in line with extant RBI guidelines.*

$ NBFC is included in Financial Institutions.

 # Others includes PTC, Security Receipts (Net) and Equity Investment.

Issuer-wise composition of non-SLR investments as at March 31, 2021:

(₹ in Crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities**
1	2	3	4	5	6	7
(i)	Public sector undertakings	305.22	98.21	-	-	-
(ii)	Financial institutions$	2,289.27	600.01	-	-	-
(iii)	Banks	104.17	74.51	-	-	-
(iv)	Private corporates	203.29	-	-	-	50.86
(v)	Subsidiaries / Joint Ventures	-	-	-	-	-
(vi)	Others#	132.69	132.69	-	-	-
(vii)	Provision held towards depreciation	-	-	-	-	-
	Total	3,034.64	905.42	-	-	50.86

Amounts reported under column 4, 5, 6 and 7 above are not mutually exclusive.

** Excludes investments in equity shares in line with extant RBI guidelines.*

*** Excludes investments in equity shares, Pass Through Certificates (PTC), Certificate of Deposit (CD), Security Receipts (SR) and Commercial Paper (CP) in line with extant RBI guidelines.*

$ NBFC and Mutual Funds are included in Financial Institutions.

 # Others includes PTC, Security Receipts (Net) and Equity Investment.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

e) Repo Transactions

Details of repo / reverse repo deals (in face value terms) (Including LAF and TREPS) entered during the year ended March 31, 2022

(₹ in Crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2022
Securities sold under repo :				
i. Government securities				
a. LAF Repo	-	700.00	6.03	-
b. Triparty Repo (TREPS)	-	2,074.80	744.46	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
Securities purchased under reverse repo :				
i. Government securities				
a. LAF Repo	500.00	4,315.00	2,186.07	3,285.00
b. Triparty Repo (TREPS)	-	99.97	0.82	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

Details of repo / reverse repo deals (in face value terms) (Including LAF and TREPS) entered during the year ended March 31, 2021

(₹ in Crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2021
Securities sold under repo :				
i. Government securities				
a. LAF Repo*	-	610.00	321.61	-
b. Triparty Repo (TREPS)	-	1,449.65	1,143.79	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
Securities purchased under reverse repo :				
i. Government securities				
a. LAF Repo	304.00	4,000.00	1,874.41	2,795.00
b. Triparty Repo (TREPS)	-	99.98	1.31	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

** LAF Repo also includes borrowing done from RBI under LTRO and TLTRO*

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

4. Asset quality

a) Classification of advances and provisions held

For the year ended March 31, 2022

(₹ in Crore)

	Standard	Non-Performing				Total*
	Total Standard Advances	Sub- standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	33,853.46	1,248.62	232.14	22.07	1,502.83	35,356.29
Add: Additions during the year					1,442.12	1,442.12
Less: Reductions during the year*					2,020.57	2,020.57
Closing balance	45,864.41	463.74	458.57	2.07	924.38	46,788.79
*Reductions in Gross NPAs due to:						
Upgradation					1,723.23	1723.23
Recoveries (excluding recoveries from upgraded accounts)					109.73	109.73
Technical/ Prudential Write-offs					62.12	62.12
Write-offs other than those under (iii) above					125.49	125.49
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	188.13	496.83	228.47	22.07	747.37	935.50
Add: Fresh provisions made during the year					612.01	612.01
Less: Excess provision reversed/ Write-off loans					706.85	706.85
Closing balance of provisions held	277.27	191.89	458.57	2.07	652.53	929.80
Net NPAs						
Opening Balance		751.79	3.67	-	755.46	
Add: Fresh additions during the year					830.11	
Less: Reductions during the year					1,313.72	
Closing Balance		271.85	-	-	271.85	
Floating Provisions						-
Opening Balance						-
Add: Additional provisions made during the year						41.00
Less: Amount drawn down during the year						-
Closing balance of floating provisions						41.00
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						2.41
Add: Technical/ Prudential write-offs during the year						62.12
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						1.59
Closing balance						62.94

* Total coloumn does not contain movement of standard advances and provision thereof

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

For the year ended March 31, 2021

(₹ in Crore)

	Standard	Non-Performing				Total*
	Total Standard Advances	Sub- standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	26,775.12	251.24	193.91	12.63	457.78	27,232.90
Add: Additions during the year					1,285.78	1,285.78
Less: Reductions during the year*					240.73	240.73
Closing balance	33,853.46	1,248.62	232.14	22.07	1,502.83	35,356.29
*Reductions in Gross NPAs due to:						
Upgradation					96.52	96.52
Recoveries (excluding recoveries from upgraded accounts)					29.60	29.60
Technical/ Prudential Write-offs					-	-
Write-offs other than those under (iii) above					114.61	114.61
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	121.03	69.23	158.62	12.63	240.48	361.51
Add: Fresh provisions made during the year					681.57	681.57
Less: Excess provision reversed/ Write-off loans					174.68	174.68
Closing balance of provisions held	188.13	496.83	228.47	22.07	747.37	935.50
Net NPAs						
Opening Balance		182.01	35.29	-	217.30	
Add: Fresh additions during the year					604.21	
Less: Reductions during the year					66.05	
Closing Balance		751.79	3.67	-	755.46	
Floating Provisions						-
Opening Balance						-
Add: Additional provisions made during the year						-
Less: Amount drawn down during the year						-
Closing balance of floating provisions						-
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						2.41
Add: Technical/ Prudential write-offs during the year						-
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						-
Closing balance						2.41

* Total coloumn does not contain movement of standard advances and provision thereof

Ratios

Particulars	March 31, 2022	March 31, 2021
Gross NPA to Gross Advances	1.98%	4.25%
Net NPA to Net Advances	0.50%	2.18%
Provision coverage ratio	76.62%	49.81%

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

b) Sector-wise advances and Gross NPAs

(₹ in Crore)

Sr. No.	Sector	March 31, 2022		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	**Priority Sector***			
1	Agriculture and allied activities	8,787.07	142.42	1.62%
2	Advances to industries sector eligible as priority sector lending	3,780.95	64.10	1.70%
	Wood and Wood Products	370.07	5.98	1.62%
	All Engineering	642.61	14.22	2.21%
	Gems and Jewellery	593.94	8.68	1.46%
	Infrastructure	397.34	11.37	2.86%
3	Services	19,182.90	561.71	2.93%
	Transport Operators	2,812.67	137.95	4.90%
	Trade	8,932.82	251.45	2.81%
4	Personal loans	1,541.14	5.96	0.39%
	Housing Loan	1,541.07	5.96	0.39%
	Sub total (A)	**33,292.06**	**774.19**	**2.33%**
B	**Non Priority Sector**			
1	Agriculture and allied activities	-	-	0.00%
2	Industry	380.90	3.18	0.83%
	Wood and Wood Products	43.41	0.39	0.90%
	All Engineering	65.23	0.89	1.36%
	Gems and Jewellery	37.13	0.34	0.92%
	Infrastructure	3.33	-	0.00%
3	Services	7,848.07	82.89	1.06%
	Transport Operators	1,019.45	24.44	2.40%
	Trade	1,811.77	24.83	1.37%
4	Personal loans	5,267.76	64.12	1.22%
	Housing Loan	666.02	3.20	0.48%
	Vehicle Loans	2,353.67	44.22	1.88%
	Advances against Fixed Deposits	936.34	-	0.00%
	Sub-total (B)	**13,496.73**	**150.19**	**1.11%**
	Total (A+B)	**46,788.79**	**924.38**	**1.98%**

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

(₹ in Crore)

Sr. No.	Sector	March 31, 2021		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A	**Priority Sector***			
1	Agriculture and allied activities	6,738.20	213.14	3.16%
2	Advances to industries sector eligible as priority sector lending	2,830.95	94.83	3.35%
	Wood and Wood Products	313.16	10.72	3.42%
	Engineering	518.29	25.00	4.82%
	Gems and Jewellery	443.31	11.72	2.64%
	Infrastructure	410.36	15.08	3.67%
3	Services	14,537.45	919.19	6.32%
	Transport Operators	2,832.25	266.95	9.43%
	Trade	5,844.52	370.68	6.34%
4	Personal loans	832.28	5.84	0.70%
	Housing Loan	832.14	5.84	0.70%
	Sub total (A)	**24,938.88**	**1,233.00**	4.94%
B	**Non Priority Sector**			
1	Agriculture and allied activities	-	-	-
2	Industry	252.17	5.81	2.30%
	Wood and Wood Products	28.28	0.60	2.12%
	Engineering	44.73	0.97	2.17%
	Gems and Jewellery	34.00	0.52	1.53%
	Infrastructure	2.03	-	0.00%
3	Services	6,887.53	186.81	2.71%
	Transport Operators	681.48	55.12	8.09%
	Trade	2,747.81	35.70	1.30%
4	Personal loans	3,277.71	77.21	2.36%
	Housing Loan	287.46	2.43	0.85%
	Vehicle Loans	1,444.22	47.87	3.31%
	Advances against Fixed Deposits	865.53	-	0.00%
	Sub-total (B)	**10,417.41**	**269.83**	2.59%
	Total (A+B)	**35,356.29**	**1,502.83**	4.25%

**Priority sector outstanding total advances includes ₹ 18,000.00 crore (previous year : ₹ 14,700.00 crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC).*

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports which has been relied upon by the auditors.

c) <u>Overseas assets, NPAs and revenue</u>

The Bank does not have any overseas branches and hence the disclosure regarding overseas assets, NPAs and revenue is not applicable (Previous Year : Nil).

d) <u>Resolution of Stressed Assets – Revised Framework</u>

The Bank is having Nil loan account for resolution of stressed Assets (Revised framework) as on March 31, 2022 (Previous year : ₹ 0.76 Crore) as per RBI Circular RBI/2017-18/131DBR.No.BP.BC.101/21.04.048/2017-18 and RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 as amended.

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e) Divergence in the asset classification and provisioning

RBI vide its Master Direction RBI/DOR/2021-22/83 DOR.ACC.REC.No.45/21.04.018/2021-22 dated August 30, 2021 and updated on November 15, 2021, has directed banks shall make suitable disclosures, if either or both of the following conditions are satisfied:-
(a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period, and
(b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.

The Bank has not been subjected to any annual financial inspection (AFI) by the RBI during the financial year 2021-22 in respect of Financial year 2020-21.

There has been no material divergence observed by the RBI for the financial year 2019-20 (as per assessment by the RBI during financial year 2020-21) in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) which require such disclosures.

f) Disclosure of transfer of loan exposures

i) Loans not in default : The bank has not transferred or acquired loans not in deafult during the Current and Previous year.

ii) Stressed loans transferred or acquired : The Bank has not transferred stressed Loans during the year.

(₹ in Crore except number of accounts)

Details of stressed loans transferred during the previous year	2020-21		
Particulars	**TO ARCs**	**To permitted transferees**	**To other transferees**
No. of accounts	2,479	NA	NA
Aggregate principal outstanding of loans transferred	93.60	NA	NA
Weighted average residual tenor of the loans transferred (in Months)	41.36	NA	NA
Net book value of loans transferred (at the time of transfer)	7.99	NA	NA
Aggregate consideration	30.89	NA	NA
Additional consideration realized in respect of accounts transferred in earlier years	-	NA	NA

Details of loans acquired : The Bank has not acquired any stressed loan during the year (Previous year : NIL)

The Credit Rating assigned to SR is NR3 - (75% - 100%) which is similar to previous rating.

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g) Provision pertaining to fraud accounts

(₹ in crore except number of accounts)

Particular	March 31, 2022	March 31, 2021
Number of frauds reported during the year	54	38
Amount involved in fraud	1.88	1.01
Amount of provision made for such frauds	1.42	0.23
Amount of unamortised provision debited from "other reserves" as at the end of the year	-	-

Amount involved in fraud net of recoveries / write-off at the end of the current year is ₹ 1.42 crore (previous year : ₹ 0.23 crore).

h) Disclosures under Resolution Framework for COVID-19-related Stress

Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated August 6, 2020(Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) as at March 31, 2022 are given below.

(₹ in crore except number of accounts)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year i.e. September 30, 2021 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2022	Of (A), amount written off during the half year ended March 31, 2022#	Of (A) amount paid by the borrowers during the half-year ended March 31, 2022*	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year i.e. March 31, 2022
Personal Loans	160.74	9.60	1.15	5.11	146.03
Corporate persons	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	412.56	22.09	2.56	(1.84)	392.31
Total	**573.30**	**31.69**	**3.71**	**3.27**	**538.34**

*Amount paid by the borrower during the half year is net of additions in the borrower amount including additions due to interest capitalisation.

#Represents debt that slipped into NPA and was subsequently written off during the half year ended March 31, 2022.

5 Exposures

a) Exposure to real estate sector

(₹ in Crore)

Category	March 31, 2022	March 31, 2021
(a) Direct exposure		
(i) Residential Mortgages– Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Includes Individual housing loans eligible for inclusion in priority sector advances as at March 31, 2022 ₹ 1,541.07 crore and as at March 31, 2021 ₹ 916.80 crore)	2,981.95	1,234.02
(ii) Commercial Real Estate– Lending secured by mortgages on commercial real estate (office buildings, retail space, multi purpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non fund based (NFB) limits	1,847.53	1,301.64
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures–		
(a) Residential	-	-
(b) Commercial Real Estate	-	-
Total (A)	**4,829.48**	**2,535.66**
(b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	1,084.35	913.16
Total (B)	**1,084.35**	**913.16**
Total Exposure to Real Estate Sector (A+B)	**5,913.83**	**3,448.82**

Out of the total loans given against the mortgage of any real estate, only those loans have been classified as an exposure to commercial real estate, the prospects for repayment in respect of which depend primarily on the cash flows generated by such mortgaged asset.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports has been relied upon by the auditors.

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b) Exposure to Capital Market

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	8.81	8.81
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds.	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances.	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	260.47	83.05
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
(vii) Bridge loans to companies against expected equity flows / issues.	-	-
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	-	-
(ix) Financing to stockbrokers for margin trading.	-	-
(x) All exposures to Venture Capital Funds (both registered and unregistered).	-	-
Total Exposure to Capital Market	**269.28**	**91.86**

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports has been relied upon by the auditors.

c) Details of risk category wise country exposure

The Bank does not have any country risk exposure other than "home country exposures" and accordingly, no provision is maintained with regard to country risk exposure (previous year Nil).

d) Unsecured Advances

Particulars	March 31, 2022	March 31, 2021
Total unsecured advances of the bank	3,377.63	1,540.71
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	-	-
Estimated value of such intangible securities	-	-

e) Details of factoring exposure:

The factoring exposure of the Bank as at March 31, 2022 is ₹ 243.73 Cr.(Previous year: Nil)

f) Intra-Group exposure

The Bank does not have any exposure (advances/investments) within the group. (Previous year: Nil)

g) Unhedged foreign currency exposure

The RBI, through its circular dated January 15, 2014 had advised banks to create incremental provision on standard loans and advances to entities with unhedged foreign currency exposure (UFCE). The Bank assesses the UFCEs of the borrowers through its credit appraisal and internal ratings process. The Bank also undertakes reviews of such exposures through thematic reviews evaluating the impact of exchange rate fluctuations on the Bank's portfolio on an yearly basis.

The Bank made NIL provisionduring the year ended March 31, 2022 (previous year: ₹ 0.02 crore). The Bank held no incremental capital on advances to borrowers with UFCE March 31, 2022, (previous year Nil).

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

6 Concentration of deposits, advances, exposures and NPAs

a) Concentration of Deposits

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021
Total Deposits of twenty largest depositors*	8,831.15	5,884.45
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	16.79%	16.36%

**Includes certificate of deposits*

b) Concentration of Advances

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021
Total Advances to twenty largest borrowers	2,146.78	1,255.07
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	4.07%	3.35%

Advances comprise of credit exposure (funded and non-funded credit limits) excluding other exposure of security placed with CCIL on account of limit for TREPS transaction of ₹ 53 crores (Previous year: ₹ 440 crores).

c) Concentration of Exposures

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021
Total Exposure to twenty largest borrowers / customers	3,545.09	2,884.01
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the bank on borrowers / customers	6.21%	7.12%

Exposures comprise of credit exposure (funded and non-funded credit limits) and investment exposure excluding other exposure of security placed with CCIL on account of limit for TREPS transaction of ₹ 53 crores (Previous year: ₹ 440 crores).

d) Concentration of NPAs

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021
Total Exposure to top 20 NPA accounts	52.48	96.73
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs	5.68%	6.44%

7 Derivatives

a) Forward rate agreement/ Interest rate swap

The bank has not entered into any Forward Rate Agreement or Interest rate swaps during the year ended March 31, 2022 and March 31, 2021.

b) Exchange traded interest rate derivatives

The bank has not entered into any exchange traded interest rate derivatives during the year ended March 31, 2022 and March 31, 2021.

c) Disclosures on risk exposure in derivatives

The bank has not entered into any derivative instruments for trading / speculative purposes either in Foreign Exchange or domestic treasury operations during the year ended March 31, 2022 (Previous year: Nil).

d) Credit default swaps

The bank has not transacted in credit default swaps during the year ended March 31, 2022. (Previous year: Nil)

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

8 Disclosures relating to Securitisation

Disclosure as per RBI guidelines for securitisation transactions:

(₹ in Crore except numbers)

Particulars	As at March 31, 2022	As at March 31, 2021
No. of SPEs holding assets for securitisation tranbsactions originated by the bank	8	9
Total amount of securitised assets as per books of the SPEs (outstanding as on balance sheet date)	885.22	1,932.22
Total amount of exposures retained by the Bank to comply with minimum retention requirement (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures		
First Loss	113.28	113.28
Others	-	-
b) On balance sheet exposures		
First Loss	21.76	25.47
Others	55.91	122.86
Amount of exposures to securitisation transaction other than MRR		
a) Off balance sheet exposures		
I) Exposure to own securitisations		
First Loss	-	-
Others (Guarantees provided by banks on behalf of the Bank)	237.43	242.78
II) Exposure to Third party securitisations		
First Loss	-	-
Others	-	-
b) On balance sheet exposures		
I) Exposure to own securitisations		
First Loss	-	-
Others (Cash collateral placed in lieu of bank guarantee)	-	-
II) Exposure to Third party securitisations		
First Loss	-	-
Others	-	-
Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	NIL	NIL

Form and quantum (outstanding value) of services provided by way of liquidity support, post securitisation asset servicing etc.

Services Provided	Form of facility	No of Transaction	Value of Facility*	No of Transaction	Value of Facility*
Liquidity Support	Fixed Deposits	2	0.87	2	1.11
	Bank Guarantees	6	5.03	7	0.00
Services Provided	**Type of service**	**No of Transaction**	**Outstanding Value**	**No of Transaction**	**Outstanding Value**
Post Securitization Assets Servicing	Servicing Agent	8	885.22	9	1932.22

Performance of facility provided viz. Credit enhancement, liquidity support, servicing agent etc.	Credit Enhancement	Liquidity Support	Credit Enhancement	Liquidity Support
(a) Schedule Amount	381.75	39.37	488.21	52.97
(b) Opening Balance	381.52(99.94%)	1.11(2.83%)	488.21(100%)	19.3(36.43%)
(c) Cumulative Amount paid During the year	3.52(0.92%)	5.38(13.67%)	3.65(0.75%)	39.8(75.14%)
(d) Cumulative Repayment received during the year	3.75(0.98%)	11.3(28.69%)	2.48(0.51%)	26.87(50.71%)
(e) Amount reduce due to pool Maturity	9.29(2.43%)	1.13(2.86%)	105.52(21.61%)	5.25(9.9%)
(f) Outstanding amount	372.47(97.57%)	5.9(15%)	381.52(78.15%)	1.11(2.1%)
Average default rate of portfolios observed in the past**	2.64%		2.68%	
Wheels	2.98%		3.16%	
SBL	2.83%		2.87%	
Others	1.35%		1.70%	
Amount and number of additional/top up loan given on same underlying asset.	**No. of Loans**	**Amount**	**No. of Loans**	**Amount**
Wheels	908	13.05	2364	31.66
SBL	12	1.31	22	1.27
Others	329	0.61	3110	5.90
Investor complaints				
(a) Directly/Indirectly received and;	Nil		Nil	
(b) Complaints outstanding				

** Value of facility is outstonding amount of the facility on the reporting date.*

*** Default rate % is calculated on the basis of reporting date NPA on Gross advance.*

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

9 Off Balance Sheet SPVs sponsored

There are no Off-Balance Sheet SPVs sponsored by the Bank, which need to be consolidated as per accounting norms.

10 Transfers to Depositor Education and Awareness Fund (DEAF)

During the year ended March 31, 2022 and March 31, 2021 the Bank was not required to transfer any amount to Depositor Education and Awareness Fund.

11 Disclosure for Customer Complaints

a) Complaints received by the bank from its customers

(i) Customer complaints other than ATM transaction disputes:

S.No.	Particular	March 31, 2022	March 31, 2021
1	No. of complaints pending at the beginning of the year	255	204
2	No. of complaints received during the year	19,713	8,453
3	No. of complaints disposed during the year	19,564	8,402
3.1	No. of complaints rejected by the bank (out of point 3)	6,834	2,889
4	No. of complaints pending at the end of the year	404	255

(ii) ATM transaction disputes relating to the Bank's customers on bank's ATMs:

S.No.	Particular	March 31, 2022	March 31, 2021
1	No. of complaints pending at the beginning of the year	29	1
2	No. of complaints received during the year	5,395	4,412
3	No. of complaints disposed during the year	5,405	4,384
3.1	No. of complaints rejected by the bank (out of point 3)	527	330
4	No. of complaints pending at the end of the year	19	29

(iii) ATM transaction disputes relating to the Bank's customers on other bank's ATMs:

S.No.	Particular	March 31, 2022	March 31, 2021
1	No. of complaints pending at the beginning of the year	99	32
2	No. of complaints received during the year	10,389	9,502
3	No. of complaints disposed during the year	10,426	9,435
3.1	No. of complaints rejected by the bank (out of point 3)	2,107	1,793
4	No. of complaints pending at the end of the year	62	99

(iv) Total customer complaints and ATM transaction disputes [total of tables (i), (ii) and (iii) above]:

S.No.	Particular	March 31, 2022	March 31, 2021
1	No. of complaints pending at the beginning of the year	383	237
2	No. of complaints received during the year	35,497	22,367
3	No. of complaints disposed during the year	35,395	22,221
3.1	No. of complaints rejected by the bank (out of point 3)	9,468	5,012
4	No. of complaints pending at the end of the year	485	383

Includes complaints received from RBI Ombudsman and out of 485 (previous year : 383) pending complaints, all redressed before Board meeting except 48 (previous year : 24) complaints.

b) Maintainable complaints received by the Bank from OBOs under Integrated Ombudsman Scheme, 2021

S.No.	Particular	March 31, 2022	March 31, 2021
1	Number of maintainable complaints received by the bank from Office of Ombudsman	307	89
1.1	Of 1 above, number of complaints resolved in favour of the bank by Office of Ombudsman	296	88
1.2	Of 1 above, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	11	1
1.3	Of 1 above, number of complaints resolved after passing of Awards by Office of Ombudsman against the bank	Nil	Nil
2	Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

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c) Top five grounds of complaints received by the bank from customers

For the year ended March 31, 2022

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
ATM/Debit Cards	318	23,089	21%	150	2
Internet/Mobile/Electronic Banking'	-	1,681	570%	7	-
Account opening/difficulty in operation of accounts	3	1,330	2730%	20	-
Credit Cards	-	1,112	-	162	20
Staff behaviour	-	354	480%	9	-
Others	62	7,931	302%	137	2
Total	383	35,497	59%	485	24

For the year ended March 31, 2021

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
ATM/Debit Cards	133	19,050	-22%	318	4
Internet /Mobile / Electronic Banking	-	251	-95%	-	-
Loans and advances	1	93	-54%	3	-
Staff behaviour	1	61	33%	-	-
Account opening /difficulty in operation of accounts	-	47	-28%	3	-
Others	102	2,865	182%	59	15
Total	237	22,367	-28%	383	19

The above details are as furnished by the Management and relied upon by the Auditors.

12 Penalties imposed by the RBI

During the year ended March 31, 2022 in terms of the provisions contained in the RBI circular Ref. DCM (RMMT) No.S153/11.01.01/2021-22 dated August 10, 2021 on "Monitoring of Availability of Cash in ATMs" and the subsequent addendum thereto, RBI has imposed a penalty of ₹ 0.001 crore on the Bank on account of Cash out in an ATM for more than 10 hours in a month (previous year: Nil).

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13 Disclosures on remuneration

Qualitative Disclosures:

(a) Information relating to the composition and mandate of the Nomination and Remuneration Committee:

In compliance of Companies Act 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Banking Regulation Act 1949 and other guidelines as applicable, the Board of Directors has constituted Nomination and Remuneration Committee (NRC) to oversee the framing, review, and implementation of the Compensation Policy of the Bank. This committee works in coordination with Risk Management Committee & Audit Committee of the Board, for achieving effective alignment between risk and remuneration.

As on March 31, 2022, the Nomination and Remuneration Committee consist of Non-Executive (Independent) Directors and the said composition is in line with the applicable guidelines.

The Composition of NRC committee is as follows:

- Mr. M S Sriram - Independent Director (Chairman)
- Mr. Krishan Kant Rathi - Independent Director
- Ms. Jyoti Narang - Independent Director

Note:

- All members of Nomination & Remuneration Committee are also member of Risk Management Committee of the Board.

The roles and responsibilities of the Nomination and Remuneration Committee (NRC) are as under:

(i) Assist the Board in formulation and implementation of compensation policy and lay down the criteria for remuneration of Directors, Key Management Personnel (KMPs) and Senior Management Personnel (SMPs), Material Risk Takers (MRTs), Control Function Staff and other employees.

(ii) Take inputs from the Risk Management Committee of the Board to ensure balance between remuneration and risks as required. The Committee shall ensure that the mix of Fixed and Variable forms of compensation is consistent with risk alignment and objectives of the Bank.

(iii) Lay down the comprehensive criteria for assessment in terms of qualifications, positive attributes, independence, professional experience, track record, integrity and considering other parameters for appointment of Directors, KMPs and SMPs.

(iv) Develop policies and lay down criteria for appointment/removal/reappointment of the Directors on the Board capturing the statutory and regulatory requirements.

(v) Assist in defining the performance evaluation criteria for Directors and other KMPs and ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

(vi) Ensure that the compensation policy formulated for remuneration of Directors, KMPs and SMPs is reasonable and sufficient to attract, retain and motivate quality talent required to run the Bank.

(vii) Ensure that the compensation for Directors, KMPs, SMPs is a mix of fixed and variable pay and such compensation reflects short and long-term performance objectives appropriate to the working and the goals of the Bank.

(viii) Ensure that appropriate procedures are in place to assess Board effectiveness and also provide the suggestions on governance to the Board of Directors.

(ix) Review and oversee the Employee Benefits program of the Bank including deferred benefits and retirement plans.

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(b) **Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:**

Designing and structuring of Remuneration process is governed by the Compensation Policy of the Bank, and below are the key features and objectives of the policy :

• Establish standards on compensation/ remuneration including fixed and variable pay covering share-linked instruments, which are in alignment with the applicable rules and regulations and is based on the trends and practices of remuneration prevailing in the industry.
• Retain, motivate, and promote talent and to ensure long term sustainability of talented Director, KMP, SMP, MRT, Control Function Staff and other employees as applicable.
• Define internal guidelines for payment of other reimbursement to the Directors and KMPs.
• Institutionalize a mechanism for the appointment/ removal/ resignation/evaluation of performance of Directors
• Perform such functions as are required to be performed by the Nomination and Remuneration committee under the SEBI (Share Based Employee Benefits) Regulations, 2014, including the following:
(a) administering the ESOP plans;
(b) determining the eligibility of employees to participate under the ESOP plans;
(c) granting options to eligible employees and determining the date of grant;
(d) determining the number of options to be granted to an employee;
(e) determining the exercise price under the ESOP plans and
• Ensure compliance with applicable laws, rules, and regulations as well as 'Fit and Proper criteria' of directors before their appointment.

(c) **Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:**

The Key parameters taken into account for the structuring of remuneration covering fixed pay and variable pay are mentioned below:

(i) Risk factors that are significant to the Banking operations of the Bank are taken into consideration in devising the remuneration structure and it is symmetric to the risk outcomes.

(ii) Compensation payout is scheduled in manner where sensitivity to time horizon of risks is taken into consideration in the review process.

(iii) Individual performance is reviewed on the basis of Key Responsibility Areas (KRAs) and the review is carried out under the Annual Performance Review (APR) of the Bank.

(iv) Industry Benchmarking, inflation and increase of cost of living.

In addition, it includes a 'malus' and 'clawback' option to take care of any disciplinary issue or future drop in performance of individual/ business/ Bank.

(d) **Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:**

Individual performances are assessed in line with business/ individual delivery of the Key responsibility Areas (KRAs), top priorities of business, budgets, and overall contribution to the organisation etc. The goal sheet is in place in Human Capital Management (HCM) Software and the evaluation of annual performance is carried out in the same.

In linking the performance and level of remuneration, the job roles, levels, business budgets, risk factors, achievement of individual KRAs are taken into consideration for taking decision in this regard.

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(e) **A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:**

In compliance of RBI Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff dated November 04, 2019 Bank has formulated Compensation Policy that covers all aspects of the compensation structure such as Fixed pay, Variable Pay and deferral pay.

The Variable Pay of senior executives, including WTDs, and other employees who are MRTs shall be deferred over the period so that compensation is adjusted for all types of risks that organisation may be exposed to.

The deferral period shall be a minimum of three years. This would be applicable for both the cash and non-cash components of the variable pay :

a) A minimum of 60% of the total variable pay must invariably be under deferral arrangements.

b) If cash component is part of variable pay, at least 50% of the cash bonus shall also be deferred and where the cash component of variable pay is under ₹ 0.25 crore in a year, deferral requirements shall not be applicable.

c) Deferred remuneration should either vest fully at the end of the deferral period or be spread out over the course of the deferral period. The first such vesting should be not before one year from the commencement of the deferral period and shall not take place more frequently than on a yearly basis.

d) The vesting should be no faster than on a pro rata basis.

The adjustment of Variable Pay before and after the vesting shall be considered in the event of subdued or negative financial performance of the bank and/or the relevant line of business in any year and the malus/clawback arrangements shall be invoked subject to due assessment.

(f) **Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms:**

The Variable pay consist of Cash, Share linked Instrument and same is decided considering risk factors, job profile, level of performance and industry norms to ensure that employee morale is high and to promote consistency in performance over the time horizon.

The breakup of variable remuneration is the follows:

Variable Pay: Variable pay compensation is paid depending upon the performance of the Employees against set key responsibility areas (KRAs) and it is ensured that there is a proper balance between fixed pay and variable pay while devising the remuneration structure.

(a) A substantial proportion of compensation i.e., at least 50%, should be variable and paid on the basis of individual, business performance & other parameters and this shall not be applicable on risk control function staff.

(b) In case variable pay is:

- Up to 200% of the fixed pay, a minimum of 50% of the variable pay should be via non-cash instruments.
- Above 200%, a minimum of 67% of the variable pay should be via non-cash instruments.
- shall be limited to a maximum of 300% of the fixed pay; (for the relative performance measurement period).

(c) In the event that an executive is barred by statute or regulation from grant of share-linked instruments, his/her variable pay will be capped at 150% of the fixed pay but shall not be less than 50% of the fixed pay.

(d) The deterioration in the financial performance of the Bank shall generally lead to a contraction in the total amount of variable compensation, which can even be reduced to zero and the proportion of variable pay shall be higher depending on the higher responsibility at higher level.

Share-linked Instruments: Share-linked Instruments consisting of ESOPs or other linked instruments which shall be forming part of variable pay.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

Quantitative Disclosures:

Sr. No.	Subject	March 31, 2022	March 31, 2021
(g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members	Number of meetings: 14	Number of meetings: 8
		Remuneration paid: Sitting fee of ₹ 30,000 for each meeting attended till December 27, 2021, and ₹ 40,000 thereafter for each meeting till March 31, 2022.	Remuneration paid: Sitting fee of ₹ 30,000 for each meeting attended.
(h)	Number of employees having received a variable remuneration award during the financial year	14 Employees*	13 Employees
	Number and total amount of sign-on/joining bonus made during the financial year	Nil	Nil
	Details of severance pay, in addition to accrued benefits, if any	Nil	Nil
		* includes Mr. Deepak Jain, Chief Risk Officer (Control Function) who was elevated from the role of Chief Opertaing Officer (MRT) with effect from September 01, 2021.	
(i)	Total amount of outstanding deferred remuneration, split into cash, types of share-linked instruments and other forms	**Cash:** • Variable Pay (Performance bonus) of ₹ 0.85 crore for FY 2020-21 for Mr. Sanjay Agarwal, MD & CEO has been approved by RBI on April 08, 2022 and out of which 50% is deferred in next 3 years in equal installments. • Variable Pay (Performance bonus) of ₹ 0.40 crore for FY 2020-21 for Mr. Uttam Tibrewal, WTD has been approved by RBI on April 08, 2022 and out of which 50% is deferred in next 3 years in equal installments. • Variable Pay (performance bonus) of other employees of ₹ 1.02 crore pertaining to FY 2020-21 is deferred and shall be payable in next 3 years in equal installments. **ESOP:** Outstanding ESOPs : 12,14,558* ESOPs	**Cash:** • Variable Pay (Performance bonus) of ₹ 1.32 crore for FY 2019-20 for Mr. Sanjay Agarwal, MD & CEO is pending with RBI for approval.* • Variable Pay (Performance bonus) of ₹ 0.86 crore for FY 2019-20 for Mr. Uttam Tibrewal, WTD is pending with RBI for approval.** **ESOP:** Outstanding ESOPs : 15,41,744 ESOPs
	Total amount of deferred remuneration paid out in the financial year	**Cash:** Mr. Sanjay Agarwal, MD & CEO was paid Variable Pay (performance bonus) of ₹ 0.42 Crore pertaining to his performance for FY 2019-20 which was approved by RBI on July 20, 2021. Mr. Uttam Tibrewal WTD was paid Variable Pay (performance bonus) of ₹ 0.37 Crore pertaining to his performance for FY 2019-20 which was approved by RBI on July 20, 2021. **ESOP:** ESOPs exercised : 17,48,623 ESOPs**	**Cash:** Mr. Uttam Tibrewal WTD was paid Variable Pay (performance bonus) of ₹ 0.30 Crore and ₹ 0.26 crore in FY 2020-21 pertaining to his performance FY 2018-19 and FY 2017-18 respectively. **ESOP:** ESOPs exercised : 22,91,142 ESOPs
		* Above ESOP number is inclusive of outstanding 2,12,483 ESOPs of Mr. Deeepak Jain, Chief Risk Officer. ** Above ESOP number is inclusive of 1,60,000 ESOP exercised by Mr. Deeepak Jain, Chief Risk Officer.	*RBI vide its letter dated July 20, 2021, approved the varibale pay of ₹ 0.42 crore for FY 2019-20 of Mr. Sanjay Agarwal, MD & CEO. ** RBI vide letter dated July 20, 2021, approved the varibale pay of ₹ 0.89 crore (cash bonus of ₹ 0.37 plus grant of ESOPs valued at ₹ 0.52 crore) for FY 2019-20 of Mr. Uttam Tibrewal, WTD.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

Quantitative Disclosures:

Sr. No.	Subject	March 31, 2022	March 31, 2021
(J)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	**Total fixed salary:** • ₹ 15.10 crore (represents total cost to the Bank) **Deferred Variable Pay:** **Cash:** • Variable Pay (Performance bonus) of ₹ 0.85 crore for FY 2020-21 for Mr. Sanjay Agarwal, MD & CEO has been approved by RBI on April 08, 2022 and out of which 50% is deferred in next 3 years in equal installments. • Variable Pay (Performance bonus) of ₹ 0.40 crore for FY 2020-21 for Mr. Uttam Tibrewal, WTD has been approved by RBI on April 08, 2022 and out of which 50% is deferred in next 3 years in equal installments. • The Variable Pay (performance bonus) of other employees of ₹ 1.02 crore pertaining to FY 2020-21 is deferred and shall be payable in next 3 years in equal installments. **Non Cash:** • ESOPs granted during the financial year: 1,74,038 ESOPs amounting to ₹ 6.62 crore (inclusive of 8,585 ESOPs amounting to ₹ 0.52 crore granted to Mr. Uttam Tibrewal for performance of FY 2019-20 approved by RBI on July 20, 2021) **Non - Deferred Variable Pay:** • Remuneration award of ₹ 2.08 crore paid during FY 2021-22 related to performance of FY 2020-21 (excluding Mr. Sanjay Agarwal, MD & CEO and Mr. Uttam Tibrewal, WTD) Note: The Variable pay of Mr. Sanjay Agarwal – MD & CEO and Mr. Uttam Tibrewal pertaining to FY 2021-22 is yet to be reviewed and approved by the NRC.	**Total fixed salary:** • ₹ 13.97 crore (inclusive of fixed pay of Mr. Sanjay Agarwal- MD & CEO which has been voluntary relinquished by him) (represents total cost to the Bank). **Deferred Variable Pay:** • ESOPs granted during the financial year: 2,32,376 ESOPs amounting to ₹ 7.89 crore. (inclusive of 99,800 ESOPs under ESOP Scheme 2018 that were granted to Mr. Uttam Tibrewal for performance of FY 2019-20 and which is pending with RBI for approval). • The Variable Pay (performance bonus) of ₹ 0.30 crore and ₹ 0.26 crore for FY 2018-19 and FY 2017-18 respectively paid in FY 2020-21 to Mr. Uttam Tibrewal. • The Bank has granted 38,702 and 10,18,758 stock options on October 27, 2017 under Plan A3 and Plan B5, respectively, to WTD which were pending for RBI Approval. During the year ended March 31, 2021, RBI pursuant to its letter intimated the Bank that the ESOPs granted to WTD pertains to the period prior to his appointment as the whole-time director of the Bank and thus, the approval of RBI is not required, and the Board of Directors of the Bank may take appropriate decision in this regard subject to adherence to statutory norms, as applicable. Pursuant to this letter, associated cost of ₹ 58.95 crore pertaining to these ESOPs has been charged to profit and loss account for the year ended March 31, 2021. **Non - Deferred Variable Pay:** • Remuneration award of ₹ 3.59 crore paid during FY 2020-21 related to performance of FY 2019-20. • Variable Pay (Performance bonus) of Mr. Sanjay Agarwal – MD & CEO for FY 2019-20 amounting to ₹ 1.32 crore is pending with RBI for approval. • Variable Pay (Performance bonus) of ₹ 0.86 crore for FY 2019-20 for Mr. Uttam Tibrewal is pending with RBI for approval. • The Variable pay pertaining to FY 2020-21 is yet to be reviewed and approved by the NRC, accordingly limits given in the RBI Circular will be reviewed in next financial year.

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Quantitative Disclosures:

Sr. No.	Subject	March 31, 2022	March 31, 2021
(k)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Nil	Nil
	Total amount of reductions during the financial year due to ex- post explicit adjustments.	Nil	Nil
	Total amount of reductions during the financial year due to ex- post implicit adjustments.	Nil	Nil
(l)	Number of MRTs identified	14* Employees * includes Mr. Deepak Jain, Chief Risk Officer (Control Function) who was elevated from the role of Chief Opertaing Officer (MRT) with effect from September 01, 2021.	14 Employees
(m)	Number of cases where malus has been exercised.	NIL	Nil
	Number of cases where clawback has been exercised.	NIL	Nil
	Number of cases where both malus and clawback have been exercised.	NIL	Nil

General Quantitative Disclosures:

Sr. No.	Subject	March 31, 2022	March 31, 2021
(n)	The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	• Total Mean pay of the Bank as a whole (Excluding Sub- Staff) is: ₹ 0.045 crore calculated on annualized basis. • Deviation in the fixed Pay for Mr. Sanjay Agarwal, MD & CEO and Mr. Uttam Tibrewal, WTD from the mean pay is 42 and 38 times respectively for FY 2021-22.	• Total Mean pay of the Bank as a whole (Excluding Sub- Staff) is: ₹ 0.04 crore calculated on annualized basis. • Deviation in the fixed Pay for Mr. Sanjay Agarwal, MD & CEO and Mr. Uttam Tibrewal, WTD from the mean pay is 47 and 43 times respectively wherein Mr. Sanjay Agarwal- MD & CEO which has been voluntary relinquished his fixed pay for FY 2020-21.

14 Disclosure on remuneration to Non-Executive Directors

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021
Remuneration by way of sitting fees to the Non-Executive Directors for attending meetings of the Board and its committees	1.54	1.05
Profit related commission to all Non-Executive Directors other than the Chairperson	0.86	0.54

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

15 Other Disclosures

a) Business Ratios

Particulars	March 31, 2022	March 31, 2021
i. Interest Income as a percentage to Working Funds	10.76%	11.01%
ii. Non interest income as a percentage to Working Funds	1.81%	3.23%
iii. Cost of Deposits	5.80%	6.67%
iv. Net Interest Margin	5.70%	5.34%
v. Operating Profit as a percentage to Working Funds	3.30%	4.80%
vi. Return on Assets	1.87%	2.50%
vii. "Business" (deposits plus advances) per employee (₹ in crore)	2.96	2.93
viii. Profit per employee (₹ in crore)	0.05	0.06

Definitions of certain items in Business ratios / information:

1. Working funds to be reckoned as monthly average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949.

2. Operating profit = (Interest Income + Other Income – Interest expenses – Operating expenses).

3. Return on Assets has been calculated on yearly average of total assets.

4. "Business" is the total of monthly average of net advances and deposits (net of inter-bank deposits).

5. Productivity ratios (Business per employee and Profit per employee) are based on monthly average of employees count.

6. Net Interest Margin is Net Interest Income/ Average Earning Assets. Net Interest Income= Interest Income – Interest Expense and Average Earning Assets is monthly average of total of net advances, invetments and balance with banks and money at call and short notice.

7. Cost of Deposit is calculated based on weighted average interest rate of deposits.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports and has been relied upon by the auditors.

b) Bancassurance Business

Commission, Exchange and Brokerage in Schedule 14 include the following fees earned on Bancassurance business:

(₹ in Crore)

Nature of Income	March 31, 2022	March 31, 2021
Towards selling of life insurance policies	27.78	19.56
Towards selling of non life insurance policies	16.35	12.62
Towards selling of mutual fund and other products*	3.83	2.60

**Includes income earned from Atal Pension yajana (APY) of ₹ 0.19 crore (Previous Year: ₹ 0.10 crore) and National pension scheme (NPS) of ₹ 0.0022 crore (Previous Year: ₹ 0.0005 crore).*

c) Marketing and distribution

The Bank does not received any fees/remuneration in respect of Marketing and Distribution function (excluding bancassurance business) during the year ended March 31, 2022 (Previous year: Nil).

d) Details of Priority Sector Lending Certificates (PSLCs)

(₹ in Crore)

Type of PSLCs	For the year ended March 31, 2022		For the year ended March 31, 2021	
	PSLC bought during the year	PSLC sold during the year	PSLC bought during the year	PSLC sold during the year
Agriculture	-	4,400.00	-	1,225.00
Small and Marginal farmers	-	2,920.00	-	1,850.00
Micro Enterprises	-	10,680.00	-	11,625.00
General	-	-	-	-
Total	-	**18,000.00**	-	**14,700.00**

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e) **Breakup of "Provisions and Contingencies" recognised in the Profit and Loss Account comprise:**

(₹ in Crore)

Sr No.	Particular	March 31, 2022	March 31, 2021
(i)	Provisions for Non performing investment	-	-
(ii)	Provision for Non performing assets	117.57	638.67
(iii)	Floating Provision	41.00	-
(iv)	Provision for Income Tax	365.82	347.72
(v)	Provision for Deferred Tax	(41.58)	(59.90)
(vi)	Provision for Standard assets	89.14	67.10
(vii)	Other Provision and Contingencies	113.26	(36.32)
	Total Provisions and Contingencies	**685.21**	**957.27**

f) **Implementation of IFRS converged Indian Accounting Standards (Ind AS)**

As per the RBI circular RBI/2015-16/315 DBR.BP.BC. No.76/21.07.001/2015-16 dated February 11, 2016 Implementation of Indian Accounting Standards (Ind AS), The banks are advised to follow the Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guideline or direction issued by the the Reserve Bank in this regard. The Banks in India currently prepare their financial statements as per the guidelines issued by the RBI, the Accounting Standards notified under section 133 of the Companies Act, 2013 and generally accepted accounting principles in India (Indian GAAP). In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (Ind AS), which were based on convergence with the International Financial Reporting Standards (IFRS), for scheduled commercial banks, insurance companies and non-banking financial companies (NBFCs). In March 2019, RBI deferred the implementation of Ind AS for banks till further notice as the recommended legislative amendments were under consideration of Government of India. The Bank had undertaken preliminary diagnostic analysis of the GAAP differences between Indian GAAP vis-a-vis Ind AS and shall proceed for ensuring the compliance as per applicable requirements and directions in this regard.

g) **Payment of DICGC insurance premium**

(₹ in Crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
i)	Payment of DICGC Insurance Premium	45.91	31.68
ii)	Arrears in payment of DICGC Premium	-	-

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

B. OTHER DISCLOSURES

1 **Disclosure of Letters of Comfort (LoC) issued by the Bank**

The Bank has not issued any Letter of Comfort during the year ended March 31, 2022 and March 31, 2021.

2 **Provisions on Standard Assets**

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021
Provision towards Standard Assets*	277.27	188.13

**Includes on additional contingency provision of ₹ 211.17 crores as at March 31, 2022 (previous year: 101.88 crore), of which the additional provision for the accounts restructured under RBI Resolution framework is at ₹ 53.62 crore as at March 31, 2022 (previous year: 31.88 crore).*

3 **Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the bank**

During the year ended March 31, 2022 and March 31, 2021, the Bank has not exceeded the prudential credit exposure limit as prescribed by the Reserve Bank of India in respect of Single Borrower and Group Borrowers.

4 **Provision for credit card and debit card reward points**

The following table sets forth,for the period indicated, movement in provision for credit cards and debit cards rewards points :

(₹ in Crore)

Particular	March 31, 2022	March 31, 2021
Opening provision for reward points	0.08	-
Provision for reward points made during the year	5.69	0.08*
Utilisation/write off of provision for reward points	2.29	-
Closing provision for reward points	3.48	0.08

* Provision for reward points made during the previous year is based on management estimation.

5 **Description of contingent liabilities**

Sr. No.	Contingent liability*	Brief description
1	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal and tax proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
2	Guarantees on behalf of constituents	As a part of its Banking activities, the Bank issues guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of customer failing to fulfill its financial or performance obligations.
3	Acceptances, endorsements and other obligations	These includes: Documentary credit such as letters of obligations to enhance the credit standing of the customers of the Bank. Bill rediscounted by the Bank and cash collateral provided by the Bank on assets which have been securitised.
4	Other items for which the Bank is contingently liable	These includes: a) Credit enhancements in respect of securitised-out loans b) Contractual payments for Capital commitments c) Other Guarantees

**Also refer Schedule 12 - Contingent Liabilities*

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

6 Corporate social responsibility

(₹ in Crore)

Particular	March 31, 2022	March 31, 2021
(a) Gross amount required to be spent by the Bank during the year (including deficit of previous year)	18.22*	15.97
(b) Amount spent during the year		
(i) Construction/acquisition of any asset		
(ii) Other Projects		
Total	9.70 **	12.52
(c) Shortfall at year end	**9.70**	**12.52**
(d) Previous year shortfall	8.52***	3.45
(e) Reasons for shortfall	0.30	-
	Pertains to ongoing projects	Pertains to ongoing projects
(f) Nature of CSR activities	Livelihood promotion - skills development , financial and digital literacy, women enterprenuership, rural sports and water conservation.	

** Gross amount required to be spent by the Bank during the year includes unspent for financial year ended March 31, 2021 of ₹ 3.45 Crores.*

*** Amount spent/incurred during the year includes ₹ 3.15 Crores related to financial year ended March 31, 2021 out of the earmarked bank accounts for the said year.*

****Pursuant to Section 135 (5) & (6) of Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 (Amended), Bank will transfer ₹ 8.22 crores in "Unspent CSR Account " within a period of 30 days from the end of financial year for the CSR Ongoing projects for spending over the following 3 years period on ongoing CSR sub Committe projects. With respect to financial year ended March 31, 2021 bank had duly deposited the unspent/incurred amount within 30 days from the close of the year into said years "Unspent CSR Account", in which ₹ 0.31 crores remains to be spent on such ongoing approved CSR projects.*

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7 Small and micro industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

8 Proposed dividend

For the Financial year ended March 31, 2022, the Board of Directors at their meeting proposed a dividend of ₹ 1 per share at 10% (pre-bonus issue) or ₹ 0.50 per share at 5% (post-bonus issue) for the year ended March 31, 2022 (previous year : ₹ NIL Per share) which is subject to shareholders approval in ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not appropriated proposed dividend aggregating ₹ 31.49 crore from Profit and Loss Account. However, the effect of the proposed dividend has been reckoned in determining Capital funds in the computation of capital adequacy ratio as at March 31, 2022.

9 Bonus shares

The Board of Directors as its meeting held on April 26, 2022 has approved issue of bonus Equity shares, in the proportion of 1:1, i.e. 1 (One) bonus equity share for every 1 (One) fully paid-up equity shares held as on the record date, subject to the approval of Shareholders of the Bank. On completion of bonus issue, the Earnings Per Share for all periods presented will be adjusted retrospectively.

10 As part of the normal banking business, the Bank grants loans and advances to its borrowers with permission to lend/invest or provide guarantee/security in other entities identified by such borrowers or on the basis of the basis of security/guarantee provided by the co-borrower. Similarly, the Bank may accept funds from its customers, who may instruct the Bank to lend/invest/provide guarantee or security or the like against such deposit in other entities identified by such customers. These transactions are part of Bank's normal banking business, which is conducted after exercising proper due diligence including adherence to "Know Your Customer" guidelines.

Other than the nature of transactions described above:

- No funds have been advanced or loaned or invested by the Bank to or in any other person(s) or entity(ies) ("Intermediaries") with the understanding that the Intermediary shall lend or invest in party identified by or on behalf of the Bank (Ultimate Beneficiaries).
- The Bank has not received any fund from any party(s) (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

11 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant volatility in the financial markets and slowdown in the economic activities. Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional restrictions continued to be implemented in areas as India witnessed two more waves of the Covid-19 pandemic during the year ended March 31, 2022. Currently, while the number of new Covid-19 cases have reduced significantly and the Government of India has withdrawn most of the Covid-19 related restrictions, the Bank continues to carry an additional contingency provision of ₹ 211.17 Crore as at March 31, 2022, which includes the additional provision for the accounts restructured under RBI Resolution framework. Further, during the year, the Bank had created a floating provision of ₹ 41.00 Crore. As at March 31, 2022, the Bank holds an aggregate provision of ₹ 904.34 Crore against advances (Other than standard assets provision of ₹ 277.27 Crore).

12 Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

The Bank has restructured the account as per RBI Circular DBR.No.BP.BC.100/21.04.048/2017-18 dated February 07, 2018, DBR.No.BP.BC.108/21.04.048/2017-18 dated June 06, 2018, DBR.No.BP.BC.18/21.04.048/2018-19 dated January 01, 2019, DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 and DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020.

(₹ in Crore except numbers)

Particulars	March 31, 2022	March 31, 2021
No. of Account Restructured	7,828	6,699
Amount	641.54	624.16

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

13 Disclosures on Change in Ownership of Projects Under Implementation:

The Bank does not have any account which are currently under the scheme of Change in Ownership of Projects Under Implementation as on March 31, 2022 (Previous year: Nil).

14 Inter-bank Participation with risk sharing:

During the year the Bank has not entered into any inter-bank participation with risk sharing (Previous year: ₹ 142.12 crores).

15 Investor education and protection fund

There is no amount required to be transferred to Investor Education and Protection Fund by the Bank. (Previous year: Nil)

16 Miscellaneous income comprises recoveries from loans written off, income from dealing in Priority Sector Lending Certificates (PSLC) etc.

17 Details of payments of Audit Fees

(₹ in Crore)

Particular	March 31, 2022	March 31, 2021
Statutory Audit fees and other related services*	2.01	1.41
Other Matters*#	-	0.67
Total	**2.01**	**2.08**

** Includes out of pocket expenses.*

 # towards professional fees pursuont to Qualified Institutional Placement (QIP).

18 The Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

19 Fixed Assets (as disclosed under schedule 10) which relates to purchase of software and system development expenditure which are as follows :

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021
Gross Block		
At cost on 31st March of the preceding year	178.45	141.55
Additions during the year	70.05	37.67
Deductions during the year	-	0.77
Total (a)	**248.50**	**178.45**
Depreciation / Amortisation		
As at 31st March of the preceding year	77.58	52.64
Charge for the year	38.70	25.12
Deductions during the year	-	0.18
Total (b)	**116.28**	**77.58**
Net Value (a-b)	**132.22**	**100.87**

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AU SMALL FINANCE BANK LIMITED

SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

20 Segment reporting

Part A: Business segments:

Segment reporting for the year ended March 31, 2022 and March 31, 2021 is given below:

(₹ in Crore)

S. No.		Particulars	March 31, 2022	March 31, 2021
1		**Segment revenue**		
	(a)	Treasury	1,015.96	1,714.35
	(b)	Retail banking	5,454.29	4,243.81
	(c)	Wholesale banking	396.71	377.99
	(d)	Other banking operations	48.46	34.83
	(e)	Unallocated	-	-
		Income from operations	**6,915.42**	**6,370.98**
2		**Segment results**		
	(a)	Treasury	167.88	802.58
	(b)	Retail banking	1,127.56	528.40
	(c)	Wholesale banking	125.72	103.78
	(d)	Other banking operations	32.91	23.74
		Total Segment results	**1,454.07**	**1,458.50**
		Less: Unallocated expenses	-	-
		Total Profit Before Tax	**1,454.07**	**1,458.50**
		Provision for Tax (Including deferred tax)	324.24	287.82
		Total Profit After Tax	**1,129.83**	**1,170.68**
3		**Segment Assets**		
	(a)	Treasury	19,631.79	14,513.96
	(b)	Retail banking	41,752.41	32,264.56
	(c)	Wholesale banking	5,508.66	3,538.69
	(d)	Other banking operations	10.26	6.65
	(e)	Unallocated	2,174.68	1,267.45
		Total Assets	**69,077.80**	**51,591.31**
4		**Segment Liabilities**		
	(a)	Treasury	3,384.59	4,140.24
	(b)	Retail banking	29,602.89	20,529.27
	(c)	Wholesale banking	28,537.53	20,577.59
	(d)	Other banking operations	3.96	0.02
	(e)	Unallocated	34.82	68.97
		Capital and Other Reserves	**7,514.01**	**6,275.22**
		Total Liabilities including Capital and Other Reserves	**69,077.80**	**51,591.31**

Part B: Geographic segments

The business of the Bank is in India only. Accordingly, geographical segment is not applicable.

Business Segments have been identified and reported taking into account the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and guidelines prescribed by the RBI and in compliance with the Accounting Standard 17 – "Segment Reporting".

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21 Related Party Disclosures:

A. Related Parties :

Key management personnel (KMP)	Mr. Sanjay Agarwal, Managing Director and CEO Mr. Uttam Tibrewal, Whole Time Director Mr. Deepak Jain, Chief Operating Officer (upto August 31, 2021) elevated as Chief Risk Officer and ceased to KMP with effect from September 01, 2021 Mr. Vimal Jain, Chief Financial Officer Mr. Manmohan Parnami, Company Secretary
Enterprises over which KMP / relatives of KMP have control / significant influence	Abhiyan Bharat Foundation AU Bank Employees Group Gratuity Trust AU Small Finance Bank Employees Welfare Trust AU Foundation BIFCO Private Limited (upto November 30,2021) Deepak Tarachand HUF (upto August 31, 2021) DS Speciality Product LLP Durga Automation & Control Private Limited Durga Bearings (Mumbai) Private Limited Jyoti Sanjay Family Trust Kalinga Agencies Kalinga Mercantile Private Limited Kalinga Extrusions India Private Limited Khushi Buildhome Private Limited (upto August 31, 2021) Manmohan Parnami HUF MYS Holdings Private Limited Namokar Mining Industries LLP (upto August 31, 2021) Pradeep Kumar Jain HUF Sanjay And Jyoti Agarwal Foundation Shivgyan Mines and Minerals Private Limited Shree Dham Mining Industries LLP Speciality Stones Private Limited Universal Quartz & Natural Stone Private Limited Universal Galaxy Granite LLP Universal Rocks India LLP Universal Gold Granite LLP Universal Black Granite LLP Universal Granimarmo Pvt Ltd VS and Sons HUF

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Relatives of KMP	Ms. Jyoti Agarwal
	Late Chirinjee Lal Agarwal
	Ms. Shakuntala Agarwal
	Mr. Yuvraj Agarwal
	Ms. Mallika Agarwal
	Mr. Ajay Agarwal
	Ms. Pinki Agarwal
	Ms. Pooja Tibrewal
	Mr. Devi Prasad Tibrewal
	Ms. Geeta Devi Tibrewal
	Mr. Vaibhav Tibrewal
	Mr. Subhash Tibrewal
	Ms. Manju Agarwal
	Ms. Uma Bagaria
	Ms. Suman Sultania
	Ms. Shweta Jain (upto August 31, 2021)
	Ms. Santosh Jain (upto August 31, 2021)
	Mr. Devansh Jain (upto August 31, 2021)
	Ms. Khushi Jain (upto August 31, 2021)
	Ms. Kavita Goyal (upto August 31, 2021)
	Ms. Sunita Agrawal (upto August 31, 2021)
	Ms. Anita Agarwal (upto August 31, 2021)
	Ms. Bhawna Parnami
	Ms. Rajkumari Sukhija
	Ms. Asmita Parnami
	Ms. Jaisvi Parnami
	Mr. Mahinder Parnami
	Ms. Kavita Sukhija
	Ms. Shikha Taneja
	Ms. Ladh Devi Jain
	Ms. Sinku Jain
	Mr. Dhairya Jain
	Mr. Pradeep Kumar Jain
	Mr. Dilip Kumar Jain
	Ms. Suman Lata Jain
	Ms. Renu Kataria
	Ms. Rekha Jain

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AU SMALL FINANCE BANK LIMITED

SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

B. The Bank's related parties balances and transactions for the year ended are summarised as follows:

1. Deposits

(₹ in Crore)

Particular	As at March 31, 2022		As at March 31, 2021	
	Closing balance	Highest balance during the year	Closing balance	Highest balance during the year
Key Management Personnel (KMP)	27.90	90.23	84.65	95.11
Relatives of KMP	43.18	143.93	79.10	144.76
Enterprise over which KMP/Relative of KMP have control / significant influence	2.06	38.23	2.41	35.04

2. Interest Paid on Deposits

(₹ in Crore)

Particular	Year ended March 31, 2022	Year ended March 31, 2021
Key Management Personnel (KMP)	2.59	0.59
Relatives of KMP	4.48	4.82
Enterprise over which KMP/Relative of KMP have control / significant influence	0.07	0.54

3. Remuneration

(₹ in Crore)

Particular	Year ended March 31, 2022	Year ended March 31, 2021
Mr. Sanjay Agarwal, Managing Director and CEO	2.28	-
Mr. Uttam Tibrewal, Executive Director	2.05	2.24
Mr. Deepak Jain, Chief Operating Officer (KMP upto August 31, 2021)	0.71	1.62
Mr. Vimal Jain, Chief Financial Officer	0.83	0.93
Mr. Manmohan Parnami, Company Secretary	0.59	0.50
Total	**6.46**	**5.29**

1. Remuneration paid excludes value of employee stock options exercised during the year.

2. The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Bank as a whole.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

4. Advances

(₹ in Crore)

Particular	As at March 31, 2022		As at March 31, 2021	
	Closing balance	Highest balance during the year	Closing balance	Highest balance during the year
Key Management Personnel (KMP)	0.11	0.73	-	0.49
Relatives of KMP	0.06	0.22	-	16.78
Enterprise over which KMP/Relative of KMP have control / significant influence	0.93	0.95	-	7.89

Related to credit card facility and OD Facility during the FY 2021-22 and OD facility during the FY 2020-21.
Interest earned during the FY 21-22 is ₹ 0.007Cr (Previous year : ₹ 0.38 Cr.)

5. Other transaction

(₹ in Crore)

Name of related party	Nature of transactions	Year ended March 31, 2022	Year ended March 31, 2021
Mr. Uttam Tibrewal	Issue of Equity Shares of the Bank pursuant to exercise of ESOP	30.00	4.28
Mr. Deepak Jain	Issue of Equity Shares of the Bank pursuant to exercise of ESOP	-	7.53
Mr. Vimal Jain	Issue of Equity Shares of the Bank pursuant to exercise of ESOP	0.10	0.09
Mr. Manmohan Parnami	Issue of Equity Shares of the Bank pursuant to exercise of ESOP	0.09	0.02
AU Bank Employees Group Gratuity Trust	Contribution to Fund	13.25	17.21
AU Foundation	Donation	1.60	0.85

6. Other income

(₹ in Crore)

Particular	Year ended March 31, 2022
Key Management Personnel (KMP)	0.02
Relatives of KMP	0.00
Enterprise over which KMP/Relative of KMP have control / significant influence	0.00

For FY 2020-21, Income including miscellaneous charges received from all the related parties are less than ₹ 0.01 crore hence not shown separately.

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

22 Leases

The Bank has taken various premises under operating lease. The future minimum lease payments are given below:

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021
Not later than one year	119.32	76.15
Later than one year and not later than five years	409.61	272.46
Later than five years	150.79	52.09
Total	**679.72**	**400.70**
The total of minimum lease payments recognized in the Profit and Loss Account for the year	112.26	81.68
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	-	-
Sub-lease amounts recognized in the Profit and Loss Account for the year	-	-
Contingent (usage based) lease payments recognized in the Profit and Loss Account for the year	-	-

23 Earnings per equity share (AS 20)

(₹ in Crore, except numbers)

Particulars	March 31, 2022	March 31, 2021
Profit/ (loss) after tax **(A)**	1,129.83	1,170.68
Less: Exceptional item	-	-
Net profit excluding exceptional item **(B)**	1,129.83	1,170.68
Weighted average number of equity shares in calculating basic EPS **(C)**	313,286,499	306,503,477
Add: Effect of dilution - Stock option granted to employees	3,274,805	2,687,023
Weighted average number of equity shares in calculating diluted EPS **(D)**	316,561,304	309,190,500
Earning per share including exceptional item		
Basic (In ₹) **(A / C)**	36.06	38.19
Diluted (In ₹) **(A / D)**	35.69	37.86
Nominal value per share (In ₹)	10.00	10.00
Earning per share excluding exceptional item		
Basic (In ₹) **(B / C)**	36.06	38.19
Diluted (In ₹) **(B / D)**	35.69	37.86
Nominal value per share (In ₹)	10.00	10.00

The dilutive impact is due to stock options granted to employees.
refer note no. 9 of schedule 18B.

24 Deferred taxes

Other assets include deferred tax asset (net). The break-up of the same is as follows:

(₹ in Crore)

Particulars of Asset/ (Liability)	March 31, 2022	March 31, 2021
Provision for NPA, floating provision and general provision on standard assets	210.54	147.07
Expenditure charged to the profit and loss account in the current year but allowed for tax purpose on payment basis	8.67	6.53
Depreciation	(5.87)	(8.15)
Deduction u/s. 36(1)(viii) of the Income Tax Act, 1961	(77.91)	(50.16)
Others	6.73	5.28
Net Deferred Tax Asset	**142.16**	**100.57**

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SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

25 Accounting for employee share based payments

Stock options

The Bank has provided various share-based payment schemes to its Directors and Employees. The plans in operation are Plan A, Plan B, Plan C, Plan D and Plan E. The numerical A1 to A3, B1 to B8, C1 to C13, D1 to D9, and E1 to E10 represents different grants made under these plans. During the year ended March 31, 2022, the following series were in operation:

Particulars	Plan A1 to A3	Plan B1 to B8	Plan C1 to C13	Plan D1 to D9	Plan E1 to E10
Date of grant	Aug 31, 2015 to Oct 27, 2017	Aug 31, 2015 to Jan 12, 2022	Nov 11, 2016 to Feb 10, 2022	Aug 30, 2018 to Oct 24, 2020	Jan 27, 2021 to Mar 16, 2022
Date of Board / Compensation Committee approval	Aug 31, 2015 to Oct 27, 2017	Aug 31, 2015 to Jan 12, 2022	Nov 11, 2016 to Feb 10, 2022	Aug 30, 2018 to Oct 24, 2020	Jan 27, 2021 to Mar 16, 2022
Number of Options granted	41,17,930	40,51,156	29,86,575	51,64,257	17,22,390
Method of settlement	Equity	Equity	Equity	Equity	Equity
Graded vesting period:					
1st vesting "12 months from the date of grant or on the date of proposed initial public offer of Bank`s equity shares whichever is later"	20%	20%	NA	NA	NA
1st vesting "12 months from the date of grant or one year from the date of proposed initial public offer of Bank`s equity shares which ever is later"	NA	NA	20%	NA	NA
1st vesting "12 months from the date of grant	NA	NA	NA	20%	20%
2nd vesting "On expiry of one year from the 1st vesting date"	30%	30%	30%	20%	20%
3rd vesting "On expiry of two years from the 1st vesting date"	50%	50%	50%	30%	30%
4th vesting "On expiry of 3 years from the 1st vesting date"	NA	NA	NA	30%	30%
Exercise period	4 years from the 1st vesting date		6 years from the 1st vesting date		
Vesting conditions	Continuous service		Continuous service		
Weighted average remaining contractual life (years)	0 - 0.58	0 - 4.79	2.28 - 6.87	3.42 - 5.57	5.83 - 6.96
Weighted average exercise price per option (₹)	10.11	33.37	140 - 1205	589 - 724	791 - 1196

Particulars	March 31, 2022				
	Plan A1 to A3	Plan B1 to B8	Plan C1 to C13	Plan D1 to D9	Plan E1 to E10
Options outstanding at the beginning of the year	166,036	1,126,727	1,437,230	4,230,807	117,177
Granted during the year	-	10,000	81,750	-	1,605,213
Forfeited during the year	-	-	-	-	-
Exercised during the year	(48,036)	(1,114,727)	(330,259)	(1,192,319)	(1,300)
Expired during the year	-	-	(86,977)	(160,595)	(98,557)
Outstanding at the end of the year	118,000	22,000	1,101,744	2,877,893	1,622,533
Exercisable at the end of the year	118,000	2,400	273,052	574,231	18,134

Particulars	March 31, 2021				
	Plan A1 to A3	Plan B1 to B7	Plan C1 to C10	Plan D1 to D9	Plan E1 to E2
Options outstanding at the beginning of the year	1,411,428	1,243,496	797,337	4,283,256	-
Granted during the year	38,702	1,030,758	995,960	448,138	117,177
Forfeited during the year	-	-	-	-	-
Exercised during the year	(1,284,094)	(1,147,527)	(306,738)	(351,704)	-
Expired during the year	-	-	(49,329)	(148,883)	-
Outstanding at the end of the year	166,036	1,126,727	1,437,230	4,230,807	117,177
Exercisable at the end of the year	166,036	1,114,154	181,774	667,735	-

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Details of stock options granted during the year:

Plan A, B, C, D and E: The weighted average fair value of stock options granted during the year was ₹ 1,267.83 (Plan B8),₹ 570.39 (Plan C11), ₹ 560.52 (plan C12), ₹ 688.83 (plan C13),₹ 481.37 (plan E3), ₹ 438.96 (plan E4), ₹ 453.00 (plan E5) ₹ 602.75 (plan E6) ₹ 551.02 (plan E7) ₹ 498.25 (plan E8) ₹ 424.81 (plan E9) and ₹ 537.06 (plan E10).

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Plan B8	Plan C11	Plan C12	Plan C13	Plan E3	Plan E4	Plan E5	Plan E6	Plan E7	Plan E8	Plan E9	Plan E10
	Tranche vesting in FY 2022-23 to 2024-25	Tranche vesting in FY 2022-23 to 2025-26	Tranche vesting in FY 2022-23 to 2025-26	Tranche vesting in FY 2022-23 to 2025-26	Tranche vesting in FY 2022-23 to 2025-26	Tranche vesting in FY 2022-23 to 2025-26	Tranche vesting in FY 2022-23 to 2025-26	Tranche vesting in FY 2022-23 to 2025-26	Tranche vesting in FY 2022-23 to 2025-26	Tranche vesting in FY 2022-23 to 2025-26	Tranche vesting in FY 2022-23 to 2025-26	Tranche vesting in FY 2022-23 to 2025-26
Share price on the date of grant (₹)	1,298.80	1,189.40	1,200.35	1,366.90	1,251.90	986.60	1,017.15	1,223.70	1,173.75	1,103.25	1,027.75	1,169.50
Exercise price (₹)	33.37	1,113.00	1,167.00	1,205.00	968.00	1,020.00	1,045.00	1,095.00	1,132.00	1,121.00	1,186.00	1,196.00
Expected volatility (%)	42.96%	43.11%	42.79%	42.77%	42.60%	43.39%	43.07%	43.04%	43.25%	43.18%	42.85%	43.11%
Life of the options granted (years)	3 - 4	4 - 5.50	4 - 5.50	4 - 5.50	4 - 5.50	4 - 5.50	4 - 5.50	4 - 5.50	4 - 5.50	4 - 5.50	4 - 5.50	4 - 5.50
Risk-free interest rate (%)	6.59%	6.26%	6.37%	6.73%	6.02%	5.98%	6.01%	6.20%	6.18%	6.18%	6.47%	6.79%
Expected dividend rate (%)	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Fair value of the option (₹)	1267.53 to 1267.98	522.08 to 605.67	510.58 to 597.00	634.32 to 728.62	624.00 to 700.64	397.16 to 469.50	410.05 to 484.38	554.49 to 637.99	502.67 to 586.33	451.64 to 532.31	378.29 to 458.85	486.15 to 574.27

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The Bank measures the cost of ESOP using the intrinsic value method. Had the Bank used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

(₹ in Crore)

Particulars	Period ended March 31, 2022	Year ended March 31, 2021
Profit after tax as reported	**1,129.83**	**1,170.68**
Add: ESOP cost using intrinsic value method (net of tax)	13.76	57.46
Less: ESOP cost using fair value method (net of tax)	48.53	92.81
Profit after tax (adjusted)	**1,095.06**	**1,135.33**
Earnings Per Share		
Basic		
- As reported	36.06	38.19
- Adjusted for ESOP cost using fair value method	34.95	37.04
Diluted		
- As reported	35.69	37.86
- Adjusted for ESOP cost using fair value method	34.59	36.72

ESOP Cost of MRT are already valued at Fair Value, therefore same is not considered in above table.

(₹ in Crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Stock options outstanding (gross)	203.94	188.76
Deferred compensation cost outstanding	26.16	29.35
Stock options outstanding (net)	**177.78**	**159.41**

FY 2021-22

As on April 08, 2022, ₹ 0.95 crore and as non-cash variable pay has been approved by RBI for performance of FY 2020-21 for Mr. Uttam Tibrewal, WTD.

FY 2020-21

The Bank has granted 38,702 and 10,18,758 stock options on October 27, 2017 under Plan A3 and Plan B5, respectively, to Whole time Director which were pending for RBI Approval. During the year ended March 31, 2021, RBI pursuant to its letter intimated the Bank that the ESOPs granted to Whole time Director pertains to the period prior to his appointment as the whole-time director of the Bank and thus, the approval of RBI is not required, and the Board of Directors of the Bank may take appropriate decision in this regard subject to adherence to statutory norms, as applicable. Pursuant to this letter, associated cost of ₹ 58.95 Crore pertaining to these ESOPs has been charged to profit and loss account for the year ended March 31, 2021.
The Bank has granted 99,800* stock options on September 04, 2020 under ESOP scheme 2018 to Whole time Director for performance of FY 2019-20 which were pending for RBI Approval. Accordingly, these options have not been considered for the purpose of computing the impact of ESOP fair value on profit before tax. The vesting period for these options will be in accordance with the RBI approval received.

*In view of communication received from RBI, the revised proposal for grant of 15,000 ESOPs was submitted to RBI in place of earlier submitted proposal for grant of 99,800 ESOPs and post consideration, RBI approved for ESOPs valuing at ₹ 0.52 crore i.e. 8,585 ESOPs on July 20, 2021.

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26 Employee benefits

(a) Defined benefit plans

Gratuity

The gratuity plan provides a lumpsum payment to vested employees at retirement or on termination of employment based on respective employee's salary and years of employment with the Bank considering the ceiling of gratuity amount of ₹ 0.20 crore.

Reconciliation of opening and closing balance of present value of defined benefit obligation for gratuity benefits as per AS-15 "Employee Benefits" is given below.

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Liability at the beginning of the year	46.99	33.07
Interest cost	3.15	2.15
Current service cost	18.45	14.61
Benefits paid during the year	(1.88)	(0.77)
Actuarial (gain) / loss on obligation		
Experience adjustment	(4.75)	(4.21)
Assumption change	(5.08)	2.14
Liability at the end of the year	**56.88**	**46.99**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets at the beginning of the year	33.74	15.87
Expected return on plan assets	2.25	0.34
Contributions	13.25	17.21
Benefits paid	(1.88)	(0.77)
Actuarial gain / (loss) on plan assets		
Experience adjustment	(0.02)	1.09
Assumption change	-	-
Fair value of plan assets at the end of the year	**47.34**	**33.74**
Amount recognised in Balance Sheet		
Fair value of plan assets at the end of the year	47.34	33.74
Liability at the end of the year	(56.88)	(46.99)
Net Asset (included under Schedule 11.VI) / (Liability) (included under Schedule 5.V)	**(9.54)**	**(13.25)**
Expenses recognised in Profit and Loss Account		
Interest cost	3.15	2.15
Current service cost	18.45	14.61
Expected return on plan assets	(2.25)	(0.34)
Net actuarial (gain) / loss recognised in the year	(9.79)	(3.16)
Net cost	**9.54**	**13.26**
Actual return on plan assets	2.23	1.43
Estimated contribution for the next year	9.54	13.25
Assumptions		
Discount rate	7.20% per annum	6.73% per annum
Expected return on plan assets	7.20% per annum	6.88% per annum
Salary escalation rate	7.50% per annum	7.50% per annum

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Experience adjustment

Particulars	Years ended March 31,				
	2022	2021	2020	2019	2018
Plan assets	47.34	33.74	15.87	11.86	0.14
Defined benefit obligation	56.88	46.99	33.07	15.15	11.60
Surplus / (deficit)	(9.54)	(13.25)	(17.20)	(3.29)	(11.46)
Experience adjustment gain / (loss) on plan assets	(0.02)	1.09	0.93	-	-
Experience adjustment (gain) / loss on plan liabilities	(9.82)	(2.07)	5.96	(2.68)	(0.52)

(b) Defined contribution plans

Provident fund

The Bank makes Provident Fund contributions to a defined contribution retirement benefit plans for qualifying employees. Under the schemes, the bank is required to contribute a specified percentage of the payroll costs to the Provident Fund Commissioner to fund the benefits.

The Bank recognized ₹ 51.27 Crore (previous year ₹ 33.63 Crore) for provident fund contributions in the Profit and Loss Account. The contributions payable to these plans by the Bank are at rates specified in the rules of the schemes.

(c) Compensated absences

The Bank has provided for compensatory leaves which can be availed and not encashed as per policy of the Bank as present value obligation of the benefit at related current service cost measured using the Projected Unit Credit Method on the basis of an actuarial valuation. The Bank has accordingly booked ₹ 12.83 Crore (previous year reversed ₹ 4.87 Crore) in the books of accounts for the year.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

AU SMALL FINANCE BANK LIMITED

SCHEDULE 18 - Notes forming part of the financial statements for the Year ended March 31, 2022

27 The financial statements as at and for the year ended March 31, 2021, have been audited by the predecessor auditor – S.R. Batliboi & Associates LLP, Chartered Accountants. The report of the predecessor auditor on the comparative financial statements dated April 29, 2021 expressed an unmodified opinion.

28 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

As per our attached Report of even date.

For Deloitte Haskins & Sells
Chartered Accountants
ICAI Firm Registration No.: 117365W

G. K. Subramaniam
Partner
Membership No. 109839
Place : Jaipur

For G.M. Kapadia & Co.
Chartered Accountants
ICAI Firm Registration No.: 104767W

Atul Shah
Partner
Membership No. 039569
Place : Jaipur

Date : April 26, 2022

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Raj Vikash Verma
(Non-Executive Independent Part Time Chairman)
DIN : 03546341
Place : Jaipur

Sanjay Agarwal
(Managing Director and CEO)
DIN : 00009526
Place : Jaipur

Uttam Tibrewal
(Whole Time Director)
DIN : 01024940
Place : Jaipur

Vimal Jain
(Chief Financial Officer)
Place : Jaipur

Manmohan Parnami
(Company Secretary)
Membership No. F9999
Place : Jaipur