

**AUSFB/SEC/2020-21/22**

**Date: 09<sup>th</sup> April 2020**

**To,**

**Mr. Raj Vikash Verma**

**S-64, First Floor, Greater Kailash-1**

**Defence Colony**

**South Delhi 110048**

**Sub: Appointment as Part Time Chairman (Independent Director) (Non-Executive) (“Chairman”) of AU Small Finance Bank Limited (“The Bank”).**

We are pleased to inform you that on the recommendation of Board of Directors, Shareholders of the Bank has approved your appointment as Chairman vide resolution passed dated 04<sup>th</sup> March 2020 subject to approval of Reserve Bank of India (“RBI”). Reserve Bank of India has approved your appointment as Chairman w.e.f. 08<sup>th</sup> April 2020.

The terms of your appointment shall be governed by the provisions of Companies Act 2013, the rules made thereunder, Banking Regulation Act, 1949, Memorandum of Association and Articles of Association of the Bank.

**Terms of Appointment:**

- 1) Your appointment as Chairman is commencing from 08<sup>th</sup> April 2020
- 2) During the appointment you may be required to serve as a member on one or more of the Board Committees as approved by the Board from time to time.
- 3) You are considered to be a Chairman and will be identified as such in the Annual Report and other documentation. If circumstances change, and you believe that your Independence may be in doubt, you should give a declaration to the Board as soon as possible in any case not later than 7 (seven) days of occurrence of event.

**Registered Office**

**AU SMALL FINANCE BANK LIMITED**

19-A Dhuleshwar Garden, Ajmer Road,

Jaipur - 302001, Rajasthan, India

**Phone:** +91 141 4110060/61, **Fax:** +91 141 4110090

**CIN:** L36911RJ1996PLC011381

Formerly known as **Au Financiers (India) Limited**

**Expectation of the Board and fiduciary duties:**

- 4) The Bank expects a commitment of sufficient time and attention as necessary in order to perform your duties under the Appointment. This will include attendance at regular and emergency Board and any General Meetings.
- 5) You will be required to attend regular meetings of any Committee of which you are a member. In addition, you will also be expected to devote appropriate preparation and time ahead of each meeting. In case you wish to avail leave of absence from the meeting for any reason whatever, you may take prior leave of absence from the Board and/or Committee of the said meetings.
- 6) By accepting the Appointment, you confirm that you are able to allocate sufficient time to perform your role.
- 7) As Chairman you have the same general legal responsibilities to the Bank as any other Director.
- 8) You will abide by the Code of Independent Director as specified in Schedule IV of the Companies Act 2013 and the rules made thereunder as well as SEBI (LODR) Regulations 2015.
- 9) You shall adhere to all the conditions of Independence during your term with the Bank and give a declaration of Independency in every financial year during your term with the Bank.
- 10) You shall continue to comply with the Section 10A, 16 & 20 and other applicable sections of the Banking Regulation Act 1949.

**Code of Conduct:**

- 11) During the appointment you will comply with the Code of Business Ethics and the Code of Conduct Policy of the Bank.
- 12) The Bank acknowledge that you may have business interests other than those of the Bank and that you have declared any conflicts that are apparent at present. In the event that you become aware of any potential conflicts of interest, these should be disclosed to the Bank as soon as they become apparent but not later than 30 (thirty) days of the occurrence of such event.

**List of actions restrained:**

- 13) You should not allow any extraneous considerations that will vitiate your exercise of objective independent judgment in the paramount interest of the Bank as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making.
- 14) You should not abuse your position to the detriment of the Bank or its shareholders or for the purpose of gaining direct or indirect personal advantage(s) for any associated persons.

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- 15) You should not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information unless such disclosure is expressly approved by the Board or required by law. Your attention is drawn to the requirements under both legislation and regulation as to the disclosure of price-sensitive information. Consequently, you should avoid making any statements that might risk a breach of these requirements without prior clearance from the Board.
- 16) You shall not engage in forward dealings in securities of the Bank or shall you enter into insider trading in the securities of the Bank.
- 17) You shall not involve in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Bank.
- 18) In terms of Section 149(6) of the Companies Act, 2013 you or your relative should not have any pecuniary relationship with the Bank or any of its holding, subsidiary or associate company during your term of appointment with the Bank.
- 19) You shall be required to comply with the guidelines covered under Regulation 10A of Banking Regulation Act, 1949.

#### Remuneration:

- 20) You will be entitled to receive an honorarium of **Rs. 20,00,000/-** (Rupees Twenty lakhs only) per annum as approved by RBI in your capacity as a Chairman of the Bank.
- 21) In addition to point number 20 above of this appointment letter, you will also be eligible to receive remuneration by way of sitting fee for attending meetings of the Board or Committee as may be determined by the Board from time to time and in accordance with the Articles of Association of the Bank. Sitting fees for attending the meeting shall be Rs. 75,000/- for each board meeting attended and Rs. 30,000/- for each committee meeting attended.
- 22) The sitting fee shall be paid by way of crossed account payee cheque and/or direct credit to your account or your designated bank account and shall be subject to deduction of all applicable taxes, if any.
- 23) You will not be entitled to any stock option neither participate in any stock option scheme of the Bank.

#### Evaluation

- 24) The Bank will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis in compliance to the Companies Act 2013.

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As per the prescribed procedures, evaluation of a Director shall be done by all the other directors on the basis of the criteria as may be determined by the Nomination and Remuneration Committee of the Board. The actual evaluation process shall be confidential and shall be aimed to improve the effectiveness of the Board / Committees.

#### **Disclosure of Interest**

25) The Bank is required to include in its Annual Accounts a note of any material interest that a Director may have in any transaction or arrangement that the Bank has entered into. Such interest should be disclosed not later than when the transaction or arrangement comes up at a Board meeting, so that the minutes may record such director's interest appropriately and the Bank's records are updated. In terms of the provisions of the Companies Act, 2013, directors are required to disclose their interest in other entities in the prescribed format at the beginning of the financial year and as and when there is change in interest.

#### **Publication of the letter of appointment:**

26) In line with Schedule IV of the Companies Act, 2013, the Bank will make public a generic copy of this letter on its website at [www.aubank.in](http://www.aubank.in) and shall be open for inspection at the registered office of the Bank by any member during normal business hours.

This letter is governed by, and shall be construed in accordance with, the laws of India, and the parties agree to submit to the exclusive jurisdiction of the courts of Mumbai.

This letter constitutes neither a contract for services nor a service contract.

Yours sincerely,

**For AU SMALL FINANCE BANK LIMITED**

Sd/-

**Manmohan Parnami**  
**Company Secretary**

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