

# Annexure I

## REPORT ON CORPORATE GOVERNANCE

Banking Institutions are most important part of the financial ecosystem and economic development where they owe paramount responsibility in ensuring to channelise savings for investments that have potential to yield higher returns to drive the sustainable economic growth. The primary objective of corporate governance in banks is to safeguard stakeholder's and depositor's interest on a sustainable basis for ensuring financial stability of the banking sector and economy.

In the present scenario, where economies globally are witnessing turbulence due to the COVID-19 pandemic, the government and corporates have taken pro-active measures to mitigate the impact of the pandemic on economy & public health by adopting social distancing and other measures advised from time to time.

The Indian banking system is one of the most efficient systems by design and regulations. Under the aegis of the Reserve Bank of India, your Bank has laid a strong foundation with strict work ethics, transparency and has put governance structure in place to build an institution that can last long.

### PHILOSOPHY ON CORPORATE GOVERNANCE

AU Small Finance Bank Limited ("the Bank") is committed towards achieving the highest standards of Corporate Governance by maintaining the right balance between economic, social, individual and community goals. The Bank focuses on implementing the robust, resilient and best corporate practices in every facet of its operations for maximising the shareholder's value.

The Bank has adopted a Code of Conduct for its Directors, Employees, Key Managerial Personnel (KMP) & Senior Management Personnel and it incorporates the duties of Independent Directors as laid down under the Companies Act, 2013 ("the Act").

The Bank engages itself in a credible and transparent manner with all its stakeholders to make sure that the Bank's long-term strategies and vision are communicated well. Policies, Processes, Systems & Procedures of the Bank lays down a framework that enables 'The Rule to follow' approach by employees, thereby increasing the depth and longevity of the governance structure in the Bank.

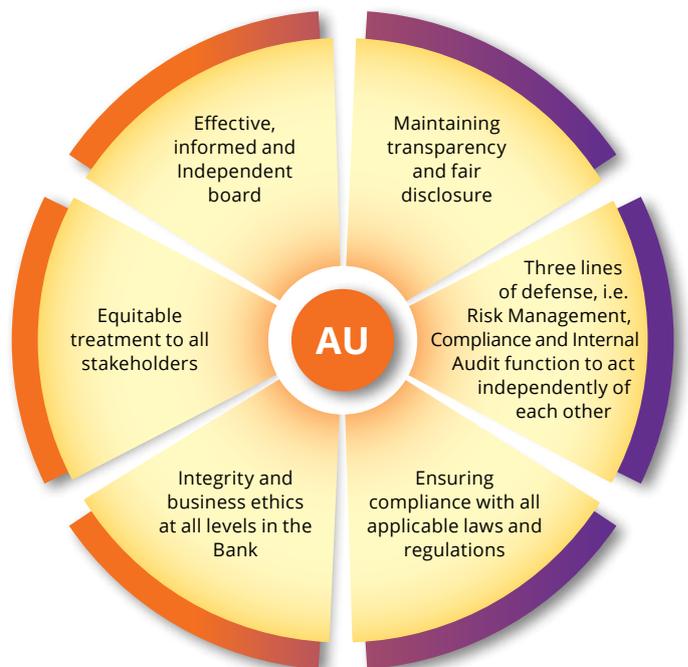
### AU BANK GOVERNANCE ECOSYSTEM

The Board of Directors of the Bank ("the Board") has the overall responsibility of approving and guiding on implementation of the bank's strategic objectives and goals.

The Board plays a crucial role in guiding and overseeing how the management serves the short and long-term interests of stakeholders. This is reflected in the Bank's governance practices, under which it strives to maintain an effective, informed and independent Board. The Bank continuously reviews its governance practices and benchmarks itself to best practices in the industry in an ever evolving environment.

In recognition of its governance practices, your Bank has been awarded with Golden Peacock Award for excellence in Risk Management and bestowed with a special recommendation for excellence in Corporate Governance in the financial year 2019-20.

To attain the highest standard of Corporate Governance, the Bank deeply believes and adhere the following principles:



## GOVERNANCE EDIFICE @ AU BANK

The governance edifice in the Bank is a three layered structure as below:



### BOARD OF DIRECTORS ("THE BOARD")

The Board consists of an optimal mix of Independent, Non-Executive and Executive Directors with a majority (67%) of the Board comprising of Independent Directors ("IDs") maintaining Independence of Board Structure. The Board consists of professionals having diversified background, specialised knowledge and vast experience that enables it to discharge responsibilities more effectively.

The composition of the Board is in conformity with the Banking Regulation Act 1949, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act 2013 and rules made thereunder.

As on date of this report, the Board has nine (9) Directors with six (6) Independent Directors including a women Independent Director, one (1) Non-Executive and two (2) Executive Directors.

The Independent Directors of the Bank have submitted their annual disclosures/declarations with respect to the criteria of independence as stipulated under the

provisions of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Banking Regulation Act, 1949 and the guidelines issued by the RBI from time to time, and confirmed that they are independent of the management and meet the criteria of independence laid down thereunder. The declarations/disclosures obtained are put forth to the Board of Directors for their noting.

Details of change in composition of Board of Directors and Key Managerial Personnel during the period under review are covered in the Board's Report.

The brief description consisting of skills and domain expertise of the Board of directors of the Bank are as under:

#### **Mr. Raj Vikash Verma - Part-time Chairman (Independent Director) (Non-Executive)**

**MA (Economics), MBA & CAIIB**

Mr. Raj Vikash Verma joined the Board of Directors of AU Small Finance Bank Limited in January 2018. He took charge as Part-time Chairman (Independent Director) (Non-Executive) of Bank on 8<sup>th</sup> April 2020 post receipt

of approval from RBI and on retirement of Mr. Mannil Venugopalan from the position of Chairman. Mr. Verma has vast and diversified experience of over 40 years in fields of Finance, Economics, Banking, Regulatory Compliances, Housing & Mortgage Finance and the Real Estate Sector.

Mr. Raj Vikash Verma, has held several leadership positions during his illustrious career in the Financial Services sector including many top management and Board positions, viz. Chairman and Managing Director (CMD) of National Housing Bank (NHB), Whole Time Director and Chairman of CERSAI, Non-Executive Director/Chairman of the India Mortgage Guarantee Corporation and Whole Time Member & Officiating Chairman of Pension Fund Regulatory and Development Authority (PFRDA). He was consultant to the World Bank Group on Housing, Real Estate and Mortgage Sector and appointed as Member on the Advisory Committee of the Insolvency and Bankruptcy Board of India (IBBI). He also served as Member on a number of Committees appointed by the Government of India and Reserve Bank of India, and has played key roles in the formulation of various national level schemes and programmes on affordable and low-income Housing, Securitisation, informal sector and Micro housing finance and several other groundbreaking Initiatives and Projects.

**Mr. Kannan Gopalaraghavan Vellur (V G Kannan) – Additional Director (Independent)**

**MBA, Organisational Leadership Executive Program from University of Pennsylvania**

Mr. V G Kannan joined the Board of the Bank in January 2020. He is a career banker with over 38 years of experience in the Banking & Financial Services Space and has held several leadership positions in the Sector. Mr. Kannan has significant experience in Banking & Financial Sector, especially in Credit & Risk Management, Insurance, Capital Markets and Treasury & Fund Management. Mr. Kannan is acknowledged as an authority in Credit, Treasury, Risk and Investment Management in the Banking sector.

He handled several leadership positions with State Bank of India (SBI), its subsidiaries & group companies as Managing Director of SBI. Thereafter, Mr. Kannan was Chief Executive of the Indian Bank's Association (IBA), where he led the development of sound and progressive banking principles and worked closely with all banks to find resolutions to various systemic and operational issues by introducing new systems or services in the Banking industry. He was on the governing council of the Indian Institute of Banking & Finance (IIBF). He was also Chairman of an RBI appointed committee to examine interchange

in ATM services and served as a member of another RBI committee on secondary market for corporate loans.

**Mr. Krishan Kant Rathi – Independent Director**

**CA, CS**

Mr. Krishan Kant Rathi joined the Board of Directors of AU Financiers (India) Limited in March 2008 and is on the Board of the bank since 2017. He has rich experience of over 34 years in domain of Corporate Finance & Accounts, Capital Markets, Banking and Audit. He led the development of robust systems driven processes, improving working capital management, risk management, treasury management, strategic business planning, mergers & acquisitions, overseas investments and investor relations. His eyes for detail, diverse exposure of Manufacturing & Service sector sets him apart from other Business leaders. He is also Chairman of Audit Committee of the Bank.

He has held various positions handling key responsibilities at some of India's most respected business houses viz. Future Group as the Group – CFO, H & R Johnson (I) Limited as President (Finance), KEC International Limited as Controller Corporate Finance, Future Consumer Limited (erstwhile Future Ventures India Limited) as CEO and Executive Director. Presently, he serves on the Board of Future Consumer Limited, Future Generali Life Insurance and Future Generali India Insurance Limited as the Non-Executive Director. Currently, he is serving as the Managing Director of Indianivesh Fund Managers Pvt. Ltd.

**Ms. Jyoti Narang – Independent Director**

**MBA (Finance) & BA (Economics)**

Ms. Jyoti Narang joined the Board of the Company in March 2015. She brings a diverse experience, spanning strategic planning, brand building and customer centricity to the Board.

She has worked across manufacturing and the service sector with over 20 years in a senior leadership role at the Taj Group of Hotels. As Global Head of Marketing and Chief Operating Officer, the Company won global accolades for its superlative level of service under her guidance. She also served on the Big Data committee for the Tata Group.

As a passionate tourism advocate, she co-created the first Incredible India campaign to market India globally. As a champion for women advancement, she founded the India chapter of Women Corporate Directors.

She currently serves on the Board of the Harvard Club of India and advises global start ups in travel at Wayfare Ventures.

**Mr. Mankal Shankar Sriram (Mr. M S Sriram) - Additional Director (Independent)**

**Graduate from Institute of Rural Management, Anand and Fellow - IIMB**

Mr. M S Sriram joined the Board the Bank in October 2019. He has more than 30 years of experience in Financial Inclusion & Microfinance, Rural Economy, Co-operatives, and Agriculture Finance.

Presently, He is Chairperson of the Centre for Public Policy & Faculty member at IIM Bangalore (IIMB). He is also a distinguished fellow at the Institute for Development of Research in Banking Technology, Hyderabad (IDRBT). Prior to this, he was Professor of Finance and Accounting and the ICICI Bank Lalita D Gupte Chair Professor of Microfinance at the Indian Institute of Management, Ahmedabad.

He is a Director on Board of IDMC, NDDDB Dairy Services and other institutions. He also held position as a shareholder director on the Board of Union Bank of India for a period of 6 years.

He has authored many books including annual 'Inclusive Finance India Report' for the years 2015, 2016 and 2017.

**Mr. Pushpinder Singh - Additional Director (Independent)**

**B.Sc. and CAIIB**

Mr. Pushpinder Singh joined the Board of the Bank in October 2019. He is a Banking Technology expert with over 35 years of rich experience. In his career, he focused on technological advancement and implementing IT as key enabler in the banking sector.

With humble beginning at Bank of India, his career progressed, and he was promoted as Chief Information Officer (CIO), where he was responsible for IT infrastructure, implementation of various IT systems and projects. His valuable contribution to the IT Sector was duly acknowledged and he was awarded with the CIO Masters award in year 2013. He was associated with National Payment Corporation of India (NPCI) as advisor on FI and new Business till 2017. At NPCI, he headed as product and business development lead for AePS product using Aadhaar authentication for payments using Micro ATMs. Presently, he is Member of the IT Strategy Committee of the Board of SIDBI for advising on IT strategic matters.

**Mr. Narendra Ostawal (Non-Executive Director)**

**CA, Diploma in Business Management - IIM Bengaluru**

Mr. Narendra Ostawal joined the Board of Directors of AU Small Finance Bank limited in January 2018 as the Nominee Director. In January 2019, he was appointed and

designated as the Non-Executive Director. He has more than 18 years of rich experience in Investment Advisory, Strategy Consulting across various industries including Financial Services. He possesses vast experience in Capital Markets, Treasury Management and Financial Analyses.

Mr. Ostawal was associated with 3i India and McKinsey & Company. He currently serves as the Managing Director of Warburg Pincus India Private Limited (WPIPL). Presently, he is engaged in Investment Advisory activities and evaluates opportunities in the Healthcare and Financial Services Sector.

**Mr. Sanjay Agarwal - Managing Director & CEO**

**CA**

Mr. Sanjay Agarwal is promoter and Managing Director & CEO of the Bank, and has over 25 years of strategic executive experience. He possess extensive experience in Retail Finance, Accountancy, Agriculture & Rural Economy, Banking, Human Resource Management, Credit Risk and Business Management.

He spearheads several initiatives that helped to create a nimble and agile organisation. He is credited with creating a culture of business excellence and delivering superior benchmark performance through his vision and execution-oriented approach. He has led the Bank's evolution to the highest standards of corporate governance with enhanced disclosures and high level engagement with key stakeholders. He has received many awards and recognitions including EY Entrepreneur of the Year 2018, Innovative Leader of the Year by ET Now, Business Leader of the Year' award by ICAI, Personality of the year (Finance Category) at Rajasthan Entrepreneur and the Excellence Award, ET Gamechanger of India - 2019.

**Mr. Uttam Tibrewal (Whole Time Director)**

**B.Com - Delhi University**

Mr. Uttam Tibrewal joined the Board of the Company in 2005. He has over 23 years of experience in Financial Service sector with rich experience in the field of Agriculture & Rural Economy, Financing small-scale industry, Accountancy, Banking, Risk and Business Management.

His deep operational knowledge and broad strategic insight helped in building and scaling the retail business. He is responsible for supervisory functions and departments viz. Retail Assets covering Wheels & Secured Business Loans, Home Loans, Agri - SME Loans, Branch and Personal Banking. His ability to pulse the customer expectation sets him apart. He has led from front and over the years ensured that simplification of processes and customer centricity is kept as organisational priority for success and sustainability in the long run.

The Bank has identified below skills/expertise/competencies as required to be possessed by the Board of Directors, in the context of its business(es) and the sector(s), for it to function effectively. The details of same are detailed as under:

Key Skills/Expertise Area	Name of Directors									
	MV*	RVV	KKR	JN	VGK	MSS	PS	NO	SA	UT
Accountancy	✓	✓	✓	x	x	✓	x	✓	✓	✓
Agriculture and Rural Economy	✓	x	x	x	x	✓	x	x	✓	✓
Banking	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Co-operation	x	x	x	x	x	✓	x	x	x	x
Economics	✓	✓	✓	✓	✓	✓	x	✓	✓	✓
Finance	✓	✓	✓	x	✓	✓	x	✓	✓	✓
Law	x	x	✓	x	x	x	x	x	x	x
Small-scale Industry	x	x	✓	x	✓	x	x	x	✓	✓
Information Technology	x	x	x	x	x	x	✓	x	x	x
Payment and Settlement Systems	x	x	x	x	x	x	✓	x	x	x
Human Resources	✓	✓	x	✓	x	x	x	x	✓	✓
Risk Management	✓	✓	✓	x	✓	x	x	✓	✓	✓
Business Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the banking company	NA	NA	NA	Hospitality & Customer Service	Treasury	Financial Inclusion, Rural Banking	NA	Investment Banking, Treasury & Financial Services	NA	NA

**MV:** Mr. Mannil Venugopalan, **RVV:** Mr. Raj Vikash Verma, **KKR:** Mr. Krishan Kant Rathi, **JN:** Ms. Jyoti Narang, **VGK:** Mr. V G Kannan, **MSS:** Mr. M S Sriram, **PS:** Mr. Pushpinder Singh, **NO:** Mr. Narendra Ostawal, **SA:** Mr. Sanjay Agarwal, **UT:** Mr. Uttam Tibrewal

\*Mr. Mannil Venugopalan has ceased to be Part-Time Chairman and Independent Director of the Bank on 29<sup>th</sup> March 2020 (close of business hours) on completion of his tenure.

## BOARD MEETING AND ATTENDANCE

The Board meets at regular intervals to take strategic and business decisions considering matters referred to under Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part A of Schedule II and matters covered under the Calendar of Reviews. The discussion among the Board members are held in detail, wherein the Board spends considerable time reviewing the information provided to them, which facilitates informed decision-making and effective participation at meetings, leading to higher Board effectiveness.

The Board/Committee Meetings are pre-scheduled and half - yearly calendar of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure better participation in the meetings. However, in case of a special and urgent business need, the Bank exceptionally convene meetings physically or through electronic means with shorter notice in accordance with the applicable provisions. Considering business exigencies, resolutions are also passed by the Board through circulation, if required.

The Board meetings of the Bank are organised by giving appropriate notice, agenda papers and other explanatory notes / presentation / relevant information for the directors of the Bank in compliance of applicable requirement under Secretarial Standard – I. At least one meeting is held in every quarter to review the quarterly performance of the Bank and the Senior management including the Chief Operating Officer, Chief Financial Officer, head of various departments are invited to attend the Board/Committee meetings to present specific details as desired by the Board for their deliberation and decision.

During the period under review, the Board of the Bank met seven (7) times on 22<sup>nd</sup> April 2019, 20<sup>th</sup> June 2019, 25<sup>th</sup> July 2019, 21<sup>st</sup> & 22<sup>nd</sup> October 2019, 13<sup>th</sup> December 2019, 22<sup>nd</sup> & 23<sup>rd</sup> January 2020 and 26<sup>th</sup> March 2020.

The gap between two Board meetings did not exceed the prescribed limit of 120 days. The requisite quorum was present for all the meetings of the Board that were held during FY 2019-20.

The details of directors, their attendance at Board meetings held during FY 2019-20 and at Annual General Meeting, directorship and position in other companies including listed entities are as under:

Name of Director	Category	Board Meeting		Whether attended last AGM held on 26 <sup>th</sup> July 2019	Directorship in other companies	Committee position in other Public companies		Directorship in other listed entities (Category of Directorship)	No. of Equity shares held
		Entitled	Attended			Chairman	Member		
*Mr. Mannil Venugopalan	Part-Time Chairman-Independent Director (Non-Executive)	7	7	✓	6	Nil	Nil	• Shreyas Shipping and Logistics Limited (Independent Director)	Nil
Mr. Raj Vikash Verma	Independent Director (Non-Executive)	7	7	✓	4	Nil	1	Nil	Nil
Mr. Krishan Kant Rathi	Independent Director (Non-Executive)	7	7	✓	10	Nil	4	• Future consumer limited (Non-Executive Director) • Autoline Industries Limited (Nominee Director - India Nivesh Renaissance Fund)	83,289
Ms. Jyoti Narang	Independent Director (Non-Executive)	7	6	✓	3	Nil	1	Nil	2,714
**Mr. M S Sriram	Additional Director - Independent (Non-Executive)	4	3	×	4	Nil	1	Nil	Nil
**Mr. Pushpinder Singh	Additional Director - Independent (Non-Executive)	4	4	×	Nil	Nil	Nil	Nil	100
***Mr. V G Kannan	Additional Director - Independent (Non-Executive)	2	2	×	Nil	Nil	Nil	Nil	5
Mr. Narendra Ostawal	Non-Executive Director	7	7	✓	11	1	5	• Laurus Labs Limited (Non-Executive, Nominee Director in Bluewater Investments) • Avanse Financial Services Limited (Non-Executive Director)	Nil
Mr. Sanjay Agarwal	Promoter - Managing Director & CEO (Executive)	7	7	✓	Nil	Nil	Nil	Nil	5,67,66,359
Mr. Uttam Tibrewal	Whole Time Director (Executive)	7	6	✓	Nil	Nil	Nil	Nil	35,44,673

\*Mr. Mannil Venugopalan ceased to be Part-Time Chairman and Independent Director of the Bank on 29<sup>th</sup> March 2020 (close of business hours) on completion of his tenure. The status of his directorship and committee membership in other companies as on 29<sup>th</sup> March 2020 has been given hereinabove.

\*\*Mr. M S Sriram and Mr. Pushpinder Singh were appointed as Additional Director - Independent (Non-Executive) of the Bank w.e.f. 21<sup>st</sup> October 2019

\*\*\*Mr. V G Kannan was appointed as Additional Director - Independent (Non-Executive) of the Bank w.e.f. 22<sup>nd</sup> January 2020

×Joined on Board, post the Annual General Meeting. Hence not applicable.

**Notes**

i) Mr. Raj Vikash Verma has been designated as Part-Time Chairman (Independent Director) (Non-Executive) of the Bank w.e.f. 8<sup>th</sup> April 2020 as per terms of approval received from RBI and the same has been duly approved by the shareholders.

- ii) *Mr. Sanjay Agarwal – MD & CEO, re-appointment for second term has been approved by the RBI on 8<sup>th</sup> April 2020 and his re-appointment is effective from 19<sup>th</sup> April 2020 for period of 3 years.*
- iii) *Mr. Uttam Tibrewal – WTD, re-appointment for second term has been approved by the RBI on 8<sup>th</sup> April 2020 and his Re-appointment is effective from 19<sup>th</sup> April 2020 for period of 3 years.*
- iv) *Mr. Krishan Kant Rathi was re-appointed as Independent Director (Non-Executive) of the Bank w.e.f. 30<sup>th</sup> March 2020.*
- v) *Ms. Jyoti Narang was re-appointed as Independent Director (Non-Executive) of the Bank w.e.f. 30<sup>th</sup> March 2020.*
- vi) *None of the Directors on the Board hold directorship in more than Ten Public Limited Companies and not exceeding 20 companies in compliance of requirement of Companies Act 2013.*
- vii) *None of the Independent Director serves as an Independent Director on more than Seven Listed Companies.*
- viii) *None of the Directors of the Bank are member of more than 10 committees or acted as a chairman of more than 5 committees across Public Limited Companies in which they hold directorship.*
- ix) *Audit Committee and Stakeholders Relationship Committee have been considered above for Committee chairmanship and membership.*
- x) *None of the Directors are related with each other.*
- xi) *Necessary disclosures regarding Committee positions in other public companies as on 31<sup>st</sup> March 2020 have been made by the Directors.*
- xii) *Independent Directors confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.*
- xiii) *All independent Directors confirmed that they meet the criteria of independence.*
- xiv) *None of the Director belong to promoters or promoter group except Mr. Sanjay Agarwal.*
- xv) *None of the Non-Executive Directors hold any convertible instruments of the Bank.*

## **BOARD COMMITTEES**

The Board Committees play a crucial role in the governance structure of the Bank and have been constituted to deal with specific areas / activities as stipulated under the applicable regulations which concern the Bank and that needs a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board, to bring more objectivity with specialised knowledge of Directors. The minutes of the meetings of all Committees are placed before the Board for review.

The Board at the time of constitution of each committee decides the terms of reference and also delegates powers & responsibilities from time to time. Various recommendations of the committees are submitted to the Board for its noting/review/approval as applicable.

During the period under review, there are Twelve (12) Board Committees including Statutory committees in line with the Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e. Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee, Risk Management Committee and other committees as per Banking Business & regulatory requirements were in place.

The number of meetings held during the financial year and participation of the members at the meetings of the committees, are covered under Table-I hereinbelow.

The role and the composition of Board Committees constituted by the Board as on 31<sup>st</sup> March 2020 are as follows:

Sr. No.	Name of Committee	Terms of Reference	Composition of the Committee as on 31 <sup>st</sup> March 2020
1	<p><b>AUDIT COMMITTEE</b></p>		
	<p><b>Regulatory Reference:</b></p> <ul style="list-style-type: none"> <li>Section 177 of the Companies Act 2013</li> <li>Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015</li> <li>Board Approved Charter of the Audit Committee.</li> </ul> <p><b>Dates of Meetings:</b></p> <p>The Committee met 4 times during the year under review on:</p> <ul style="list-style-type: none"> <li>22<sup>nd</sup> April 2019</li> <li>25<sup>th</sup> July 2019</li> <li>21<sup>st</sup> October 2019</li> <li>22<sup>nd</sup> January 2020</li> </ul> <p>The time gap between any two meetings were less than 120 days.</p> <p>The Chairman of the Audit Committee was present in Annual General Meeting to answer the queries to the shareholders.</p>	<p>The terms of reference of the Audit Committee, inter-alia, include:</p> <ul style="list-style-type: none"> <li>Review and approve nature and scope of the internal audit function and ensure it has adequate resources that are appropriate to access the information to perform its function effectively</li> <li>Monitor reporting of issues identified by internal auditors to the management and ensure that corrective actions are being undertaken in a timely manner</li> <li>Consider major findings of internal quarterly, semi-annual and annual audit reviews, LFAR and management’s response; and review management letter(s) and management response to the findings, recommendations of the external auditor(s)</li> <li>Ensure that the Bank properly documents the identified risks and the related policies and assesses whether awareness and identification of risks are percolating to all levels and ascertains that systems are in place for adherence to all regulations</li> <li>Review and monitor compliance function, its policies and Implementation of Compliance Frameworks of the Bank</li> <li>To recommend the appointment including terms of appointment and removal of statutory, internal and Secretarial Auditors, fixation of audit fees and also to approve payment for other services</li> <li>To review, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) including statement of deviation, if any</li> <li>Reviewing with the management the annual financial statements and auditor’s report thereon before submission to the Board for approval, with reference to:                         <ol style="list-style-type: none"> <li>matters required to be included in the Director’s Responsibility Statement to be included in the Board’s report in terms of section 134 (3)(c) of the Companies Act, 2013</li> <li>changes, if any, in accounting policies and practices and reasons for the same</li> <li>major accounting entries involving estimates based on the exercise of judgment by management</li> <li>significant adjustments made in the financial statements arising out of audit findings</li> <li>compliance with listing and other legal requirements relating to financial statements</li> <li>disclosure of any related party transactions</li> <li>modified opinion(s) in the draft audit report</li> <li>oversight of the financial reporting process and the disclosure of its financial information and other terms of reference covered under the part C of scheduled II of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015</li> </ol> </li> <li>Scrutiny of inter-corporate loans and investment</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Krishan Kant Rathi (Chairman)</li> <li>Mr. Raj Vikash Verma</li> <li>Ms. Jyoti Narang</li> <li>Mr. M S Sriram</li> <li>Mr. V G Kannan</li> </ul>

Sr. No.	Name of Committee	Terms of Reference	Composition of the Committee as on 31 <sup>st</sup> March 2020
2	<b>RISK MANAGEMENT COMMITTEE</b>		
	<p><b>Regulatory Reference:</b></p> <ul style="list-style-type: none"> <li>RBI Guidelines on Risk Management System</li> <li>Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015</li> <li>Board Approved Charter of the Risk Management Committee.</li> </ul> <p><b>Dates of Meetings:</b></p> <p>The Committee met 4 times during the year under review on:</p> <ul style="list-style-type: none"> <li>22<sup>nd</sup> April 2019</li> <li>25<sup>th</sup> July 2019</li> <li>21<sup>st</sup> October 2019</li> <li>22<sup>nd</sup> January 2020</li> </ul> <p>The Chief Risk Officer has unfettered access to Risk Management Committee.</p>	<p>The terms of reference of the Risk Management Committee, inter-alia, include:</p> <ul style="list-style-type: none"> <li>Review, approve/recommend, periodically update of internal/ external policies, regulatory guidelines, strategies and risk management framework and seek the Board's approval for the same</li> <li>Ensure that the procedures for identifying, measuring, monitoring and controlling risks are in place</li> <li>Ensure appropriate risk organisation structure with authority and responsibility clearly defined, adequate staffing and the independence of the Risk Management function</li> <li>Review reports from management concerning:                             <ul style="list-style-type: none"> <li>Risk management framework (i.e. principles, policies, strategies, process and controls) and to ensure that the same is being communicated throughout the Bank</li> <li>Changes in the factors relevant to the projected strategy, business performance and capital adequacy</li> <li>Implications of new and emerging risks, legislative or regulatory initiatives and changes, organisational change and all other major initiatives</li> </ul> </li> <li>Review reports from management concerning changes in the factors relevant to the projected strategy, business performance or capital adequacy</li> <li>Review reports from management concerning implications of new and emerging risks, legislative or regulatory initiatives and changes, organisational change and major initiatives, in order to monitor them</li> <li>Review performance and set objectives for the Chief Risk Officer (CRO) and ensure the CRO has unfettered access to the Board</li> <li>Oversee statutory/regulatory reporting requirements related to risk management and capital adequacy computation with an understanding of methodology.</li> <li>Approve the stress testing results/analysis and periodically monitor the action plans and corrective measures in line with internal guidelines</li> <li>Monitor and Review Non-compliance, limit breaches, audit/regulatory findings and policy exception of risk management as well as fraud and potential losses</li> <li>Oversee the working of the Credit Risk &amp; NPA Management Committee (CRNPAC) for Retail and Small &amp; Mid Corporate, Asset and Liability Management Committee (ALCO)</li> <li>Review and ensure that all systems are being implemented in the Bank with adequate security controls and detailed succession and management continuity plan for key positions</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Raj Vikash Verma (Chairman)</li> <li>Ms. Jyoti Narang</li> <li>Mr. V G Kannan</li> <li>Mr. Sanjay Agarwal</li> <li>Mr. Narendra Ostawal</li> </ul>

Sr. No.	Name of Committee	Terms of Reference	Composition of the Committee as on 31 <sup>st</sup> March 2020
3	<b>NOMINATION AND REMUNERATION COMMITTEE (NRC)</b>		
	<p><b>Regulatory Reference:</b></p> <ul style="list-style-type: none"> <li>• Section 178 of the Companies Act, 2013</li> <li>• Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015</li> <li>• Board Approved Charter of the NRC.</li> </ul> <p><b>Dates of Meetings:</b></p> <p>The Committee met 5 times during the year under review on:</p> <ul style="list-style-type: none"> <li>• 22<sup>nd</sup> April 2019</li> <li>• 25<sup>th</sup> July 2019</li> <li>• 21<sup>st</sup> October 2019</li> <li>• 13<sup>th</sup> December 2019</li> <li>• 22<sup>nd</sup> January 2020</li> </ul> <p>The Chairman of the NRC was present in Annual General Meeting to answer the queries of the shareholders.</p>	<p>The terms of reference of the NRC, inter-alia, include:</p> <ul style="list-style-type: none"> <li>• Identifying persons who are qualified to become Directors and senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and evaluation thereof.</li> <li>• Formulation of criteria for determination of qualifications, positive attributes and independence of Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees.</li> <li>• Devising a policy on diversity of Board of Directors detailed succession and management continuity plan for key positions</li> <li>• Conduct appropriate due diligence and scrutinise the declarations made by probable candidates at the time of appointment/re-appointment of Directors, based upon qualification, expertise, track record, integrity and 'Fit &amp; Proper' criteria</li> <li>• Ensure that the Bank has a detailed succession and management continuity plan for key positions</li> <li>• Assist in defining the performance evaluation criteria for Directors, Key Management Personnel and Senior management personnel, ensuring that relationship of remuneration to performance is clear and meets appropriate performance benchmarks</li> <li>• Review and oversee the Employee Benefits' programme of the Bank, including deferred benefits plans and retirement plans</li> <li>• Perform such functions as are required to be perform under the SEBI (Share Based Employee Benefits) Regulations, 2014, including the following: <ul style="list-style-type: none"> <li>– Administering, Determining the eligibility of employees, Granting options to eligible employees the ESOP plans</li> <li>– Determining the number of options to be granted and exercise price to an employee</li> <li>– Construing and interpreting the ESOP plans and any agreements defining the rights and obligations and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP plans</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Mr. Krishan Kant Rathi (Chairman)</li> <li>• Mr. Raj Vikash Verma</li> <li>• Ms. Jyoti Narang</li> <li>• Mr. Narendra Ostawal</li> </ul>

Sr. No.	Name of Committee	Terms of Reference	Composition of the Committee as on 31 <sup>st</sup> March 2020
4	<b>STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)</b>		
	<p><b>Regulatory Reference:</b></p> <ul style="list-style-type: none"> <li>Section 178(5) of the Companies Act 2013</li> <li>Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015</li> <li>Board Approved Charter of the SRC</li> </ul> <p><b>Dates of Meetings:</b></p> <p>The Committee met 4 times during the year under review on:</p> <ul style="list-style-type: none"> <li>22<sup>nd</sup> April 2019</li> <li>25<sup>th</sup> July 2019</li> <li>22<sup>nd</sup> October 2019</li> <li>23<sup>rd</sup> January 2020</li> </ul> <p>The Chairman of the SRC was present in Annual General Meeting to answer the queries to the shareholders</p>	<p>The terms of reference of the SRC, inter-alia, include:</p> <ul style="list-style-type: none"> <li>Redressal of Grievances of shareholders, Debenture Holders and other security Holders including complaints related to transfer of shares, non-receipt of Annual Report and Non-receipt of declared dividends.</li> <li>Review and address all matters pertaining to Depositories for dematerialisation of shares, performance of the Registrar and Transfer Agent including appointment and other matters connected therewith</li> <li>Change in any correspondence details of the shareholder(s)</li> <li>Develop and recommend improvements in the investor services initiatives undertaken by the Bank</li> <li>Monitor the shareholding structure of the Bank, including foreign holding in terms of FDI policy</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Raj Vikash Verma (Chairman)</li> <li>Mr. Krishan Kant Rathi</li> <li>Mr. V G Kannan</li> <li>Mr. Uttam Tibrewal</li> </ul>
5	<b>CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE</b>		
	<p><b>Regulatory Reference:</b></p> <ul style="list-style-type: none"> <li>Section 135 of the Companies Act 2013</li> <li>Board Approved Charter of the CSR Committee</li> </ul> <p><b>Dates of Meetings:</b></p> <p>The Committee met 2 times during the year under review on:</p> <ul style="list-style-type: none"> <li>22<sup>nd</sup> April 2019</li> <li>22<sup>nd</sup> October 2019</li> </ul> <p>The Report on Corporate Social Responsibility is annexed with this report.</p>	<p>The terms of reference of the CSR Committee, inter-alia, include:</p> <ul style="list-style-type: none"> <li>Formulate and recommend to the Board of the Bank a Corporate Social Responsibility (CSR) policy, which shall indicate the activities to be undertaken by the Bank as per Schedule VII of the Companies Act, 2013</li> <li>Recommend the amount of expenditure to be incurred in the activities provided for the CSR policy</li> <li>Monitor the implementation and effectiveness of the CSR policy from time to time</li> </ul>	<ul style="list-style-type: none"> <li>Mr. M S Sriram (Chairman)</li> <li>Ms. Jyoti Narang</li> <li>Mr. Sanjay Agarwal</li> </ul>

Sr. No.	Name of Committee	Terms of Reference	Composition of the Committee as on 31 <sup>st</sup> March 2020
<b>6 IT STRATEGY AND INFORMATION SYSTEMS SECURITY COMMITTEE</b>			
6	<p><b>Regulatory Reference:</b></p> <ul style="list-style-type: none"> <li>RBI Guidelines on Information security, Electronic Banking, Technology risk management and cyber</li> <li>Board Approved Charter of the IT Strategy and Information Systems Security Committee.</li> </ul> <p><b>Dates of Meetings:</b></p> <p>The Committee met 4 times during the year under review on:</p> <ul style="list-style-type: none"> <li>22<sup>nd</sup> April 2019</li> <li>25<sup>th</sup> July 2019</li> <li>22<sup>nd</sup> October 2019</li> <li>23<sup>rd</sup> January 2020</li> </ul>	<p>The terms of reference of the IT Strategy and Information Systems Security Committee, inter-alia, include:</p> <ul style="list-style-type: none"> <li>Review the IT related strategy and policy</li> <li>Evaluate the investments made into IT infrastructure to sustain the Bank's growth</li> <li>Implement IT governance infrastructure covering basic principles of value delivery, IT risk management, IT resource management and performance management</li> <li>Ensure a governance structure shall be created for IT, which will include technology and development, IT operations, IT assurance and supplier and resource management</li> <li>Review security incidents and corrective action plans and IT-related strategy and policy</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Pushpinder Singh (Chairman)</li> <li>Mr. Narendra Ostawal</li> <li>Mr. Krishan Kant Rathi</li> <li>Mr. Uttam Tibrewal</li> </ul>
<b>7 CUSTOMER SERVICE COMMITTEE (CSC)</b>			
7	<p><b>Regulatory Reference:</b></p> <ul style="list-style-type: none"> <li>Master Circular of RBI on Customer Service in Banks</li> <li>Board Approved Charter of the CSC.</li> </ul> <p><b>Dates of Meetings:</b></p> <p>The Committee met 4 times during the year under review on:</p> <ul style="list-style-type: none"> <li>22<sup>nd</sup> April 2019</li> <li>25<sup>th</sup> July 2019</li> <li>22<sup>nd</sup> October 2019</li> <li>23<sup>rd</sup> January 2020</li> </ul>	<p>The terms of reference of the CSC, inter-alia, include:</p> <ul style="list-style-type: none"> <li>Review the effectiveness of grievance redressal mechanism within the Bank for redressing complaints received about services rendered by Business Correspondents (BC)</li> <li>Evaluate the trend analysis of customer complaints by product categories/channels/BCs and monitor improvement plans</li> <li>Review and approve comprehensive Deposit Policy and statement of complaints, along with an analysis of complaints</li> <li>Assess Banking Ombudsman awards on a periodic basis, address systemic deficiencies brought out by these awards and report cases with delayed implementation of more than three months to the Board with reasons for delay to facilitate necessary remedial action on priority</li> <li>Review the performance of 'Standing Committee for Customer Services' and other Sub Committees</li> <li>Benchmark review of turnaround time for key products offerings and monitoring improvement plans put in place</li> </ul>	<ul style="list-style-type: none"> <li>Ms. Jyoti Narang (Chairman)</li> <li>Mr. M S Sriram</li> <li>Mr. V G Kannan</li> <li>Mr. Sanjay Agarwal</li> </ul>

Sr. No.	Name of Committee	Terms of Reference	Composition of the Committee as on 31 <sup>st</sup> March 2020
8	<b>REVIEW OF CLASSIFICATION OF WILFUL DEFAULTERS COMMITTEE (RWDC)</b>		
	<p><b>Regulatory Reference:</b></p> <ul style="list-style-type: none"> <li>Master Circular of RBI on Wilful Defaulters</li> <li>Board Approved Charter of the Review of Classification of Wilful Defaulters Committee.</li> </ul> <p><b>Dates of Meetings:</b></p> <p>The Committee met 4 times during the year under review on:</p> <ul style="list-style-type: none"> <li>22<sup>nd</sup> April 2019</li> <li>25<sup>th</sup> July 2019</li> <li>22<sup>nd</sup> October 2019</li> <li>23<sup>rd</sup> January 2020</li> </ul>	<p>The terms of reference of the Review of Classification of Wilful Defaulters Committee, inter-alia, include:</p> <ul style="list-style-type: none"> <li>To review and confirm the order of Wilful Defaulters Identification committee</li> <li>Monitor that the borrower is given necessary opportunity to put forth their cases before classifying them under wilful defaulters</li> <li>Review the wilful defaulters status of the Bank in a periodic manner and highlight unfavourable trends</li> <li>Monitor the progress of the agreed action plans in co-ordination with collection &amp; Recovery department and suggest remedial actions for unresolved issues and unattended actions</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Raj Vikash Verma (Chairman – effective from date of RBI approval as Part Time Chairman)</li> <li>Mr. Krishan Kant Rathi</li> <li>Mr. V G Kannan</li> <li>Mr. M S Sriram</li> <li>Mr. Sanjay Agarwal</li> </ul>
9	<b>SPECIAL COMMITTEE FOR FRAUD MONITORING (SFMC)</b>		
	<p><b>Regulatory Reference:</b></p> <ul style="list-style-type: none"> <li>Master Circular of RBI on Frauds – Classification and Reporting</li> <li>Board Approved Charter of the SFMC.</li> </ul> <p><b>Dates of Meetings:</b></p> <p>As committee is required to meet for fraud case monitoring of Rupees One Crore &amp; above only. No such case was reported for the period under review hence, no meeting was held during the year under review.</p>	<p>The terms of reference of the SFMC, inter-alia, include:</p> <ul style="list-style-type: none"> <li>Monitor and review all frauds of ₹ 1 crore and above</li> <li>Identify the system lacunae if any that facilitate perpetration of the fraud and put in place measures to plug the same</li> <li>Evaluation of existing systems and procedures for fraud detection and prevention and reasons for delay in detection, if any, in reporting to top management of the Bank and RBI</li> <li>Review the efficacy of the remedial action undertaken to prevent recurrence of frauds, such as strengthening of internal controls</li> <li>Monitoring progress of investigation and recovery position and ensure that staff accountability is examined at all levels in all fraud cases and staff side action, if required, Put in place other measures to strengthen preventive measures against frauds</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Raj Vikash Verma (Chairman – effective from date of RBI approval as Part Time Chairman)</li> <li>Mr. V G Kannan</li> <li>Mr. M S Sriram</li> <li>Mr. Krishan Kant Rathi</li> <li>Mr. Sanjay Agarwal</li> </ul>

Sr. No.	Name of Committee	Terms of Reference	Composition of the Committee as on 31 <sup>st</sup> March 2020
10	<b>DISCIPLINARY COMMITTEE (DC)</b>		
	<p><b>Regulatory Reference:</b></p> <ul style="list-style-type: none"> <li>RBI Circular Dated Board Approved Charter of the DC</li> </ul> <p><b>Dates of Meetings:</b></p> <p>The Committee met 2 times during the year under review on:</p> <ul style="list-style-type: none"> <li>22<sup>nd</sup> April 2019</li> <li>22<sup>nd</sup> October 2019</li> </ul>	<p>The terms of reference of the Disciplinary Committee, inter-alia, include:</p> <ul style="list-style-type: none"> <li>Approve the policy on Code of Conduct for employees, recommend the same to the Board and appropriately review as and when required</li> <li>Setting up of a transparent mechanism to decide and resolve complaints from employees and take appropriate corrective action plan</li> <li>Resolution of complaints received by the Bank including sexual harassment and enforce disciplinary action against the erring employees</li> <li>Taking appropriate remedial measures to respond to any substantiated allegations of a complaint (sexual harassment or disciplinary) against any employee</li> <li>Promote appropriate working conditions and a safe environment for all employees</li> </ul>	<ul style="list-style-type: none"> <li>Ms. Jyoti Narang (Chairman)</li> <li>Mr. M S Sriram</li> <li>Mr. Sanjay Agarwal</li> <li>Mr. Narendra Ostawal</li> </ul>
11	<b>COMMITTEE FOR FINANCIAL INCLUSION</b>		
	<p><b>Regulatory Reference:</b></p> <ul style="list-style-type: none"> <li>Board Approved Charter of the Committee for Financial Inclusion</li> </ul> <p><b>Dates of Meetings:</b></p> <p>The Committee was formed by Board in its meeting on 22<sup>nd</sup> October 2019 and met 1 time during the year under review on:</p> <ul style="list-style-type: none"> <li>23<sup>rd</sup> January 2020</li> </ul>	<p>The terms of reference of the Committee for Financial Inclusion, inter-alia, include:</p> <ul style="list-style-type: none"> <li>To review the channelisation of deposits (including BSBDA) in unserved and underserved sections of the society &amp; to ensure the supply of credit to small business units, small &amp; marginal farmers; micro and small industries and other unorganised sector entities through low-cost operations</li> <li>To oversee the functioning of channels of financial inclusion including Banking Outlets, Business Correspondents &amp; Unbanked Branch locations and to analyse the operational efficiency &amp; sustainability.</li> <li>Review of the Financial Inclusion initiatives &amp; review of the plan in this regard.</li> <li>To review &amp; monitor the progress of enrolments under the pro-poor insurance and pension programmes &amp; other government schemes</li> <li>To set targets and monitor achievements in Priority sector lending including sub targets covering lending under Agriculture, Small &amp; Marginal farmers, Micro Enterprises &amp; to weaker sections of the society.</li> <li>To examine the multiplier effect of the products and services offered by the bank</li> <li>Review financial literacy initiatives carried out by Banks</li> <li>To look at effective ways of partnership (including government &amp; Non-Government network) that provides the power of aggregation and bulk outreach without significant overheads for the bank</li> </ul>	<ul style="list-style-type: none"> <li>Mr. M S Sriram (Chairman)</li> <li>Ms. Jyoti Narang</li> <li>Mr. Pushpinder Singh</li> <li>Mr. Sanjay Agarwal</li> </ul>

Sr. No.	Name of Committee	Terms of Reference	Composition of the Committee as on 31 <sup>st</sup> March 2020
12	<b>MANAGEMENT COMMITTEE</b>		
	<p><b>Regulatory Reference:</b></p> <ul style="list-style-type: none"> <li>Board Approved Charter of the Management Committee</li> </ul>	<p>The terms of reference of the Management Committee, inter-alia, include:</p> <ul style="list-style-type: none"> <li>To approve credit facilities of ₹ 50 crore &amp; above to New Exposure/ Loan to Existing Customers along with Existing facility.</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Raj Vikash Verma (Chairman)</li> <li>Mr. Sanjay Agarwal</li> <li>Mr. Krishan Kant Rathi</li> </ul>
	<p><b>Dates of Meetings:</b></p> <p>The Committee met 4 times during the year under review on:</p> <ul style="list-style-type: none"> <li>22<sup>nd</sup> April 2019</li> <li>25<sup>th</sup> July 2019</li> <li>22<sup>nd</sup> October 2019</li> <li>23<sup>rd</sup> January 2020</li> </ul>	<ul style="list-style-type: none"> <li>Reporting to Board about proposals for credit facilities to the relatives of senior officers of the Bank sanctioned by the appropriate authority should be reported to the Board through Management Committee.</li> <li>Reporting to Board about any company in which any of the relatives of any senior officer of the financing bank holds substantial interest or is interested as a director or as a guarantor.</li> <li>Sanction of proposals with exposure of more than ₹ 25 lakh to:                             <ol style="list-style-type: none"> <li>Any relative of the Chairman/Managing Directors or other Directors of the Bank</li> <li>Any relative of the Chairman/Managing Director or other directors of other banks</li> <li>Any firm in which any of the relatives as mentioned in (i) &amp; (ii) above is interested as a partner or guarantor</li> <li>Any company in which any of the relatives as mentioned in(i)&amp;(ii) above hold substantial interest or is interested as a director or as a guarantor</li> </ol> </li> </ul> <p>Investment exposure exceeding 7.5% of the capital fund for single party exposure and 10% of the capital fund for group exposure and up till regulatory prescribed norms shall be presented to Management committee of Board for approval</p>	

## MEETING OF INDEPENDENT DIRECTORS

Pursuant to Section 149(8) read with Schedule IV of Companies Act 2013 and Regulation 25 of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a meeting of the Independent Directors of the Bank is required to be held once in a year in absence of non-independent directors.

During the period under review, the meeting of Independent Directors was held on 22<sup>nd</sup> April 2019 chaired by Mr. Mannil Venugopalan and attended by all the Independent Directors of the Bank.

No sitting fees was paid to the Independent Directors of the Bank for the above said meeting.

## DIRECTORS' INDUCTION AND FAMILIARISATION PROGRAMME

The Independent Directors consist of eminent professionals with vast experience in Banking and Finance industry, Business and Risk Management and they are fully conversant with the business of the Bank.

In compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board familiarisation program comprises of the following:

- Induction program for New Independent Directors;
- Familiarisation sessions on Business and Functional issues and
- External Training programmes with IDRBT, CAFFRAL and other Institutions.

Newly inducted Independent Directors undertake a detailed induction and familiarisation program at the time of their joining on the Board. The induction program covers exhaustive details about organisation structure, vision, mission, growth trajectory over the years, key milestones, Board & Committee approach, its structure, scope of work and overall business overview, operations, technology etc.

As part of the induction sessions, the Managing Director & CEO presents a brief overview about the organisation, Senior Management Personnel and Functional Heads are introduced to the Board Member(s). The Independent Directors are also apprised about the constitution, Board procedures, matters reserved for the Board and made aware of their roles and responsibilities at the time of their appointment in view of applicable regulatory requirements.

Familiarisation program are organised by the Bank at regular intervals and Directors are also nominated to

attend various programs organised by CAFRAL, IDRBT and other Bodies to undergo knowledge sharing sessions for effective contribution in the growth of the Bank.

The details of the familiarisation programs during the year is hosted on the website of the Bank at [www.aubank.in/notice-board](http://www.aubank.in/notice-board). During the period under review, no Independent Director has resigned from the Board.

## PERFORMANCE EVALUATION

Pursuant to the Section 149(8) read with Schedule IV of the Companies Act, 2013, Regulation 17 (10) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, other applicable Regulations thereof and in consonance with Guidance Note on Board Evaluation issued by The Securities and Exchange Board of India, the Board on the recommendation of the Nomination and Remuneration Committee of the Bank carried out an annual performance evaluation of the Board as a whole and directors individually. The Board also carried evaluation of the working of its various Committees for the year under consideration, with the aim of improving the effectiveness of the Board and the Committees. The said evaluation is carried out on the basis of the below parameters:

- Performance of Directors was evaluated on the basis of their qualifications, experience, specialised knowledge and competency, fulfilment of functions, ability to function as a team, initiatives undertaken, availability and attendance, commitment, contribution and integrity, leadership, value creation, governance, impartial approach and shareholders' interest.
- Performance of the Board as a whole, including the structure of the Board, meetings of the Board, functions of the Board were reviewed and evaluated.
- Evaluation of performance for Chairman, including qualifications, experience, knowledge and competency, fulfilment of functions, initiatives undertaken, attendance, contribution and integrity, effectiveness of leadership, impartial and shareholders' interest.
- Performance evaluation of Committees include its mandate, composition and their effectiveness.

A questionnaire is designed in accordance with the said framework and various aspects of the performance of the Board and its Committees such as composition, quality, roles & responsibilities, processes and functioning including adherence to Code of Conduct & Ethics and best practices in Corporate Governance for the evaluation of the Board, its Committees and of the individual members of the Board (including the Chairperson).

The performance evaluation of the Directors was carried out by the entire Board, other than the Director being evaluated. The performance evaluation of the Chairman and the Non-Independent Directors were carried out by the Independent Directors. The Nomination and Remuneration Committee carried out the performance evaluation of all the Directors of the Bank. The Directors expressed their satisfaction on the overall evaluation process.

### DIRECTOR & OFFICER'S LIABILITY INSURANCE POLICY

Pursuant to the Regulation 25(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Board Members are provided with the insurance cover under the Director & Officer's Liability Insurance Policy to secure against the legal liability arising out of any claims made against the Directors. Insurance cover under the said policy commensurate with present size of the Bank.

### BOARD DIVERSITY POLICY

The Bank has Board approved Board diversity policy in place, which sets out the approach to diversity on the Board of the Bank. The policy provides for having a diversified Board, comprising of appropriately qualified professionals from different domains.

### SUCCESSION PLANNING

The Bank believes that a sound succession plan for the Directors and Senior Management executives is important to sustain seamless operations and future growth. Accordingly, the Bank has put in place the policy for orderly succession for appointment to the Board of Directors and Senior Management and the same is hosted on website of the Bank at [www.aubank.in/notice-board](http://www.aubank.in/notice-board)

### COMPENSATION POLICY

In terms of Section 178 of the Companies Act, 2013, the relevant Rules made thereunder, Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and RBI Circular on Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff dated 4<sup>th</sup> November 2019, your Bank on the recommendation of NRC formulated Compensation policy, which is duly approved by the Board of Directors of the Bank.

The objective of the Compensation policy is to regulate the appointment and remuneration of Directors (including Independent Directors), Key Managerial Personnel (KMP), Senior Management Personnel and other employees as per the criteria formulated by the Nomination and Remuneration Committee of the Board under the requirement of the Act, read with applicable

Rules and Regulations under the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable guidelines.

The above said policy covers all aspects of the compensation structure such as fixed pay, Variable Pay, perquisites, performance bonus, guaranteed bonus (joining/sign-on bonus), share-linked instruments i.e. Employee Stock Option Plan (ESOPs) etc.

The policy is annually reviewed by the Board of Directors in addition to the other amendments that may be required in the policy. During the year no changes were made in the policy. The policy is hosted by the Bank on its website at [www.aubank.in/notice-board](http://www.aubank.in/notice-board)

### DIRECTOR'S REMUNERATION CRITERIA

#### Remuneration of Executive Directors

On the recommendation of the Nomination and Remuneration Committee, the Board of the Bank approved remuneration to Executive Directors subject to shareholder's and RBI approval. The said remuneration is governed by the Employment Agreement executed between the Bank and Executive Directors.

The remuneration including fixed pay and variable pay of Executive Directors i.e. Mr. Sanjay Agarwal, Managing Director & CEO and Mr. Uttam Tibrewal, Whole Time Director of the Bank is as per the terms of approval of RBI.

Sr. No	Particulars	Mr. Sanjay Agarwal* (₹ in lakh)	Mr. Uttam Tibrewal** (₹ in lakh)
1	Fixed Pay (including perquisites)	185.95	168.55
2	Variable Pay	45.00	174.87
	<b>Total Remuneration (1) + (2)</b>	<b>230.95</b>	<b>343.42</b>

\*Post RBI approval, Variable pay of ₹ 45 lakh paid to Mr. Sanjay Agarwal pertains to bonus for FY 2017-18.

\*\* Post RBI approval, Variable pay of ₹ 44.87 lakh for FY 2018-19, ₹ 39 lakh for FY 2017-18 and ₹ 91 lakh FY 2016-17 paid to Mr. Uttam Tibrewal pertains to bonus for respective years.

Details of Remuneration of Directors have been covered under Annexure – VI of Board's Report.

During the period under review, the Bank has not granted any Stock Options to any Directors of the Bank. Further, the Bank received approval of RBI on 17<sup>th</sup> June 2019 for 10,00,000 ESOPs granted to Mr. Uttam Tibrewal, Whole Time Director on 30<sup>th</sup> August 2018 under ESOP Scheme 2018. Vesting period for these options commenced from the RBI approval date and No ESOPs were granted/ exercised by him during the FY 2019-20.

Till date, Mr. Uttam Tibrewal, Whole Time Director of the Bank has been granted 63,90,120 ESOPs under various Employee Stock Option Schemes of the Bank out of which 24,69,198 options have been vested and exercised till 31<sup>st</sup> March 2020. Further, 18,63,462 options were vested but not exercised and 10,00,000 options were unvested as on 31<sup>st</sup> March 2020.

The Bank has granted 38,702 and 10,18,758 stock options on 27<sup>th</sup> October 2017 under ESOP Scheme 2015 Plan A and Plan B, respectively, to the Whole Time Director, which are pending for RBI Approval. During the year ended 31<sup>st</sup> March 2020, the bank has submitted the revised proposal to RBI and the approval of the RBI is still awaited. The vesting period for these options will commence only after the RBI approval is received.

A proper balance between fixed pay and variable pay is ensued for remuneration of the Executive Directors, the variable pay is a mix of cash and non-cash instruments, which is paid under deferral arrangement. Malus and clawback clause is applicable on the Executive Directors, which is invoked to the event of subdued or negative financial performance of the Bank.

The tenure of the office of the Managing Director & CEO and Whole Time Director is 3 years from their respective date of appointments and can be terminated by either party, by giving one month notice in writing. There is no provision for payment of severance fees.

### Remuneration of Non-Executive Directors

The remuneration payable to Non-Executive Directors is paid in the form of sitting fees for attending Board & Committee meetings as approved by the Board from time to time. In addition to sitting fees, profit link commission is also paid to the Non-Executive Directors. Further the Chairman of the Bank is entitled to honorarium as approved by the Reserve Bank of India.

In the changing scenario around corporate governance norms brought in by the Companies Act, 2013 as well as Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the degree and quality of engagement of Non-Executive Directors has substantially increased in deliberating strategical & critical issues providing their valuable advice, suggestion and guidance to the management of the Bank. The Bank accordingly pays sitting fees of ₹ 75,000 and ₹ 30,000 to Non-Executive Directors for every Board and Committee meeting attended respectively. The sitting fees and commission are within the limits prescribed under the provisions of the Companies Act, 2013.

During the Year ended 31<sup>st</sup> March 2020, the Non-Executive Directors have been paid sitting fees for attending

the Board & Committee meetings, and profit-linked commission, the details of which are provided below:

Name of Director	₹ in lakh		
	Sitting Fees	Commission	Total
Mr. Mannil Venugopalan*	13.35	19.89	33.24
Mr. Raj Vikash Verma	13.05	10.00	23.05
Mr. V G Kannan	1.50	1.91	3.41
Mr. Krishan Kant Rathi	12.75	10.00	22.75
Ms. Jyoti Narang	10.80	10.00	20.80
Mr. M S Sriram	3.15	4.45	7.60
Mr. Pushpinder Singh	3.90	4.45	8.35

\*Mr. Mannil Venugopalan ceased to be Part Time Chairman (Independent Director) of the Bank on 29<sup>th</sup> March 2020 (close of Business Hours) on completion of his tenure and honorarium was paid to him for period served.

- i. The payment of Profit Linked Commission/Honorarium pertaining to FY 2019-20 is being released post finalisation of Annual Audited Accounts for FY 2019-20 of the Bank.
- ii. None of the Non-Executive Directors have any pecuniary relationship or transaction with the Bank, apart from receiving sitting fee and profit-linked commission/honorarium.

### INVESTOR GRIEVANCE REDRESSAL

The securities of the Bank are in dematerialised form. The Bank has appointed Link Intime India Private Limited as the Registrar and Share transfer agent of the Bank for carrying out share transfer and other ancillary work related thereto.

Link Intime India Private Limited has appropriate systems to ensure that requisite service is provided to investors of the Bank in accordance with the applicable corporate and securities laws and within the adopted service standards. The performance of the Registrar & Share Transfer Agent (RTA) is reviewed by the Stakeholder’s Relationship committee in every quarterly meeting.

During the period under review, the Bank had not received any complaints from the shareholders and Debenture holders and all complaints related to previous years are closed, in compliance of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the same has been reported to stock exchanges on quarterly basis.

### NAME AND DESIGNATION OF COMPLIANCE OFFICER

Pursuant to Regulation 6(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Manmohan Parnami, Company Secretary has been designated as the Compliance Officer.

**Table - I – Details of Number of committee meetings and participation of the members at the meetings during FY 2019-20**

Name of The Committees	Audit Committee	Risk Management Committee	Nomination & Remuneration Committee	Stakeholders Relationship Committee	Corporate Social Responsibility Committee	IT Strategy and Information Systems Security Committee	Customer Service Committee	Review of Classification of Wilful Defaulter Committee	Special Committee for Fraud Monitoring	Disciplinary Committee	Committee for Financial Inclusion	Management Committee
No. of Meeting Held	4	4	5	4	2	4	4	4	0	2	1	4
<b>Name of Member</b>	<b>No. of Meeting Attended by Members</b>											
Mr. Mannil Venugopalan	4/4	4/4	5/5	-	2/2	-	4/4	4/4	-	-	-	4/4
Mr. Raj Vikash Verma	4/4	4/4	-	4/4	2/2	3/3	-	4/4	-	-	1/1	4/4
Mr. V G Kannan	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Krishan Kant Rathi	4/4	-	5/5	4/4	2/2	4/4	-	4/4	-	2/2	-	-
Ms. Jyoti Narang	4/4	4/4	5/5	-	2/2	-	4/4	-	-	2/2	-	-
Mr. M S Sriram	-	-	-	-	-	-	1/1	1/1	-	-	1/1	-
Mr. Pushpinder Singh	-	-	-	1/1	-	1/1	-	-	-	-	1/1	-
Mr. Narendra Ostawal	4/4	4/4	5/5	-	-	4/4	-	-	-	2/2	-	-
Mr. Sanjay Agarwal	3/3	4/4	-	4/4	2/2	-	4/4	4/4	-	2/2	1/1	4/4
Mr. Uttam Tibrewal	-	-	-	-	-	4/4	-	3/3	-	2/2	-	-

The necessary Quorum was present for all the above committee meetings.

#### Audit Committee

- Mr. Sanjay Agarwal ceased to be member of the committee with effect from 22<sup>nd</sup> October 2019
- Mr. Narendra Ostawal ceased to be member of the committee with effect from 23<sup>rd</sup> January 2020
- Mr. M S Sriram was appointed as a member of the committee with effect from 23<sup>rd</sup> January 2020
- Mr. V G Kannan was appointed as a member of the committee with effect from 23<sup>rd</sup> January 2020
- Mr. Mannil Venugopalan ceased to be member of the committee on 29<sup>th</sup> March 2020 (close of business hours) on completion of his tenure

#### Risk Management Committee

- Mr. Raj Vikash Verma was designated as a Chairman of the committee with effect from 30<sup>th</sup> March 2020
- Mr. Mannil Venugopalan ceased to be Chairman and member of the committee on 29<sup>th</sup> March 2020 (close of business hours) on completion of his tenure
- Mr. V G Kannan was appointed as a member of the committee with effect from 23<sup>rd</sup> January 2020

#### Nomination & Remuneration Committee

- Mr. Raj Vikash Verma was appointed as a member of the committee with effect from 23<sup>rd</sup> January 2020
- Mr. Mannil Venugopalan ceased to be Chairman and member of the committee on 29<sup>th</sup> March 2020 (close of business hours) on completion of his tenure

#### Stakeholders Relationship Committee

- Mr. Pushpinder Singh was appointed as a member with effect from 22<sup>nd</sup> October 2019 and ceased to be member of the committee with effect from 23<sup>rd</sup> January 2020
- Mr. Sanjay Agarwal ceased to be member of the committee with effect from 23<sup>rd</sup> January 2020
- Mr. V G Kannan was appointed as a member of the committee with effect from 23<sup>rd</sup> January 2020
- Mr. Uttam Tibrewal was appointed as a member of the committee with effect from 23<sup>rd</sup> January 2020

**Corporate Social Responsibility Committee**

- i. Mr. Mannil Venugopalan ceased to be member of the committee on 29<sup>th</sup> March 2020 (close of business hours) on completion of his tenure
- ii. Mr. Krishan Kant Rathi ceased to be member of the committee with effect from 22<sup>nd</sup> October 2019
- iii. Mr. Raj Vikash Verma ceased to be member of the committee with effect from 22<sup>nd</sup> October 2019
- iv. Mr. M S Sriram was appointed as a Chairman and member of the committee with effect from 22<sup>nd</sup> October 2019

**IT Strategy and Information Systems Security Committee**

- i. Mr. Pushpinder Singh was appointed as a Chairman and member of the committee with effect from 22<sup>nd</sup> October 2019
- ii. Mr. Raj Vikash Verma ceased to be member of the committee with effect from 22<sup>nd</sup> October 2019

**Customer Service Committee**

- i. Mr. M S Sriram was appointed as a member of the committee with effect from 22<sup>nd</sup> October 2019
- ii. Mr. V G Kannan was appointed as a member of the committee with effect from 23<sup>rd</sup> January 2020
- iii. Mr. Mannil Venugopalan ceased to be member of the committee on 29<sup>th</sup> March 2020 (close of business hours) on completion of his tenure

**Review of Classification of Wilful Defaulter Committee**

- i. Mr. Uttam Tibrewal ceased to be member of the committee with effect from 22<sup>nd</sup> October 2019
- ii. Mr. M S Sriram was appointed as a member of the committee with effect from 22<sup>nd</sup> October 2019
- iii. Mr. V G Kannan was appointed as a member of the committee with effect from 23<sup>rd</sup> January 2020
- iv. Mr. Raj Vikash Verma was designated as a Chairman of the committee with effect from date of RBI approval
- v. Mr. Mannil Venugopalan ceased to be Chairman and Member of the committee on 29<sup>th</sup> March 2020 (close of business hours) on completion of his tenure

**Special Committee for Fraud Monitoring**

- i. Mr. Uttam Tibrewal ceased to be member of the committee with effect from 22<sup>nd</sup> October 2019
- ii. Mr. M S Sriram was appointed as a member of the committee with effect from 22<sup>nd</sup> October 2019
- iii. Mr. V G Kannan was appointed as a member of the committee with effect from 23<sup>rd</sup> January 2020
- iv. Mr. Raj Vikash Verma was designated as a Chairman of the committee with effect from date of RBI approval
- v. Mr. Mannil Venugopalan ceased to be Chairman and Member of the committee on 29<sup>th</sup> March 2020 (close of business hours) on completion of his tenure

**Disciplinary Committee**

- i. Mr. Uttam Tibrewal ceased to be member of the committee with effect from 22<sup>nd</sup> October 2019
- ii. Mr. Krishan Kant Rathi ceased to be member of the committee with effect from 22<sup>nd</sup> October 2019
- iii. Mr. M S Sriram was appointed as a member of the committee with effect from 22<sup>nd</sup> October 2019

**Committee for Financial Inclusion**

- i. Committee for Financial Inclusion was formed by the Board in its meeting held on 22<sup>nd</sup> October 2019
- ii. Mr. Raj Vikash Verma ceased to be member of the committee with effect from 23<sup>rd</sup> January 2020
- iii. Ms. Jyoti Narang was appointed as a member of the committee with effect from 23<sup>rd</sup> January 2020

**Management Committee**

- i. Mr. Krishan Kant Rathi was appointed a member of the committee with effect from 23<sup>rd</sup> January 2020
- ii. Mr. Mannil Venugopalan ceased to be Chairman and Member of the committee on 29<sup>th</sup> March 2020 (close of business hours) on completion of his tenure
- iii. Mr. Raj Vikash Verma was designated as a Chairman of the committee with effect from 30<sup>th</sup> March 2020

## General Body Meetings

### A. Location and time of last three Annual General Meetings and number of special resolutions passed thereat:

Sr. No	Year	Particular of Meeting	Date & Time	Location	Special Resolution passed, if any
1	2018-19	24 <sup>th</sup> AGM	26 <sup>th</sup> July 2019 at 04:00 p.m.	Suryavanshi Mahal – Ground Floor, ITC Rajputana, Palace Road, Jaipur-302006	<ol style="list-style-type: none"> <li>To authorise Board of Directors to borrow money in excess of paid up capital, free reserves and securities premium of Bank u/s 180 (1) (c) of the Companies Act, 2013.</li> <li>To issue securities/bonds/other permissible instruments, in one or more tranches.</li> <li>To alter Article of Association of the Bank.</li> <li>To approve amendments in Employee Stock Option Scheme 2016.</li> </ol>
2	2017-18	23 <sup>rd</sup> AGM	7 <sup>th</sup> August 2018 at 03:30 PM	Chancellor Hall, Hotel Holiday Inn, Sardar Patel Marg, 22 Godam Circle, C- Scheme, Jaipur-302001	<ol style="list-style-type: none"> <li>To authorise the Board to borrow money in excess of paid up capital, free reserves and securities premium of Bank u/s 180(1)(c) of the Companies Act, 2013.</li> <li>To approve issue of securities/bonds/other permissible instruments, in one or more tranches.</li> <li>To approve AU Small Finance Bank Limited Employee Stock Option Scheme 2018.</li> </ol>
3	2016-17	22 <sup>nd</sup> AGM	27 <sup>th</sup> September 2017 at 02:00 PM	Suryavanshi Mahal- Ground floor, ITC Rajputana Palace Road, Jaipur - 302006	<ol style="list-style-type: none"> <li>To confirm/ratify article no. 13(b) of Articles of association of Bank.</li> <li>To ratify Employee Stock Option scheme 2015 of AU Small Finance Bank Limited.</li> <li>To ratify Employee Stock Option scheme 2016 of AU Small Finance Bank Limited.</li> </ol>

### B. Postal Ballot during the FY 2019-20

Pursuant to provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and other applicable provisions of the Companies Act, 2013, as amended from time to time, the Bank has sought shareholders' approval on 4<sup>th</sup> March 2020 through postal ballot including voting by electronic means as follows:

Sr. No	Nature of Resolution	Agenda Heading	No. of Votes		Percentage (%) of votes	
			Favour	Against	Favour	Against
1	Special Resolution	To Approve the Re-Appointment of Mr. Krishan Kant Rathi (Din:00040094) for Second Term as Independent Director.	19,18,80,012	1,04,02,084	94.86%	5.14%
2	Special Resolution	To Approve the Re-Appointment of Ms. Jyoti Narang (Din: 00351187) for Second Term as Independent Director.	20,20,44,416	3,37,599	99.83%	0.17%
3	Special Resolution	To Approve the Re-Appointment of Mr. Raj Vikash Verma (Din: 03546341) for Second Term as Independent Director.	20,20,44,324	3,37,690	99.83%	0.17%
4	Ordinary Resolution	To Designate Mr. Raj Vikash Verma As A Part Time Chairman (Independent Director) (Non-Executive) of the Bank Subject to Approval of Reserve Bank of India ("RBI")	20,14,26,641	466	99.99%	0.00%

CS Manoj Maheshwari, Practicing Company Secretary (Jaipur), was appointed as the scrutiniser for monitoring & scrutinising remote e-Voting and postal ballot process of the Bank.

None of the special business proposed to be transacted in the Annual General Meeting Notice required to be conducted through postal ballot.

## PROCEDURE OF THE POSTAL BALLOT

The Postal Ballot procedure followed by the Bank was in compliance of the provisions of Section 108 and Section 110 of the Companies Act, 2013 read with applicable Rules and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

Members are provided with the facility to cast their votes through electronic voting (e-Voting) or through postal ballot. The Scrutiniser submitted his report to the Company Secretary & Compliance Officer as authorised by the Board after the completion of the scrutiny of the postal ballots (including e-Voting).

Considering the results, along with report of the Scrutiniser of the Postal Ballot the resolution is considered approved.

The necessary intimations as required under the applicable Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are submitted to the Stock Exchanges and post declarations of the results the same are displayed on the website of the Bank & of National Securities Depository Limited (NSDL). The results are also displayed at the Registered Office of the Bank.

## GENERAL SHAREHOLDER INFORMATION

1	Date of Incorporation	10 <sup>th</sup> January 1996
2	Corporate Identification No.	L36911RJ1996PLC011381
3	Registered office Address	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001, Rajasthan, India.
4	Address of Correspondence and Contact Detail	The Company Secretary & Compliance Officer, AU Small Finance Bank Limited Registered Office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001 Tel: +91-141-4110060/6660666   Fax: +91-141-4110090 Email: <a href="mailto:investorrelations@aubank.in">investorrelations@aubank.in</a>
5	Name of depositories	National Securities Depository Limited (NSDL) Central Depository Services (India) Limited (CDSL)
6	Listing on Stock Exchange	<b>BSE Limited (BSE)</b> P J Towers, Dalal Street, Fort, Mumbai – 400001 <b>National Stock Exchange of India Limited</b> Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051 Bank has deposited the annual listing fees to the stock exchange(s) where the securities of the Bank are listed.
7	Stock Code	BSE: <b>540611</b> NSE: <b>AUBANK</b>
8	ISIN Code	<b>INE949L01017</b>
9	Dematerialisation of Shares & Connectivity	All shares of the Bank are held in dematerialised form and are available for trading in the dematerialised form under both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The requisite fees were duly paid to the depositories. The Bank has also appointed Link Intime India Pvt. Ltd. as the connectivity agent to provide electronic connectivity interface with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for securities of the Bank.
10	Share Transfer System	The Bank's shares are traded under compulsory dematerialised mode and freely tradeable and the entire share transfer process is monitored by the Registrar and Share Transfer Agent of the Bank. A half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is obtained from a Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges within the prescribed time.

11	Registrar and Share Transfer Agent	Link Intime India Pvt. Limited C-101, 1 <sup>st</sup> floor, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai – 400083 Maharashtra, India Tel: +91 22 4918 6200, Fax: +91 22 49186195 Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a> Email ID: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>
12	Debenture Trustees	<b>IDBI Trusteeship Services Ltd.</b> Regd. Office: Asian Building, Ground Floor, 17, R Kamani Marg, Ballard Estate, Mumbai – 400001 Phone: +91 22 40807000 Fax: +91 22 66311776 Email: <a href="mailto:itsl@idbitrustee.com">itsl@idbitrustee.com</a>  <b>Catalyst Trusteeship Limited</b> Regd. Office: GDA House, First Floor, Plot No. 85 S. No. 94 & 95, Bhusari Colony (Right), Kothrud, Pune – 411038, India Phone: +91 22-49220555 Email: <a href="mailto:compliancectl-mumbai@ctltrustee.com">compliancectl-mumbai@ctltrustee.com</a>
13	25 <sup>th</sup> Annual General Meeting	<ul style="list-style-type: none"> <li>• Date &amp; Time: 21<sup>st</sup> July 2020 at 3:30 P.M.</li> <li>• Via Video Conferencing (VC)/Other Audio Visual Means (OVAM)</li> </ul>
14	Financial Year	The Bank follows the financial year starting from 1 <sup>st</sup> April to ending on 31 <sup>st</sup> March every year.

## OTHER DISCLOSURE

### 1. Code of Conduct

The Bank has laid down Code of Conduct for the Directors, Senior Management personnel and other employees. The Code is hosted on the website of the Bank at [www.aubank.in/notice-board](http://www.aubank.in/notice-board)

Annual declaration confirming compliance of the code is obtained from every Director and Senior Management Personnel and in this regard a certificate is issued by the MD & CEO as annexed with this report stipulating that Directors and SMPs have adhered with said code of conduct.

### 2. Code of Conduct for Prohibition of Insider Trading

The Board has adopted a Code for the Prohibition of Insider Trading to regulate, monitor and report trading by Designated Person(s) in securities of the Bank. The code inter alia requires pre-clearance for dealing in the securities and prohibits the purchase/sale/dealing in securities while in possession of unpublished price sensitive information and during the period when the trading window is closed.

The Bank periodically reviews the efficacy of its systems, controls and processes to ensure that access to unpublished price sensitive information relating to its financial results or that of its securities is on a need

to know basis. The Code is hosted on the website of the Bank at [www.aubank.in/notice-board](http://www.aubank.in/notice-board)

### 3. Related party transactions

In line with the requirements of the Companies Act, 2013 and amendment to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your bank has amended Policy on Related Party Transactions & Materiality:

- Related Party Transactions are placed before the Audit Committee for review and approval. Annual omnibus approval is obtained for transactions which are of repetitive nature and / or entered in the ordinary course of business.
- All the related party transactions entered into by the Bank, during the financial year, were in its ordinary course of business and on an arm's length basis. Further, there are no material related party transaction entered by the Bank.
- The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Bank and its Related Parties. The Policy on Related Party Transactions & Materiality is hosted on the website of the Bank at <https://www.aubank.in/notice-board>.

**4. Whistle Blower Policy & Vigil Mechanism**

The Bank is committed to adhere to the highest standards of ethical, moral and legal conduct of its business operations. To maintain these standards, the Bank has formulated a Board approved Whistle Blower Policy with a view to provide a mechanism to employees, customers and other stakeholders of the Bank to approach the Chief Vigilance Officer and thereafter Chairman of Audit Committee of the Bank in case they observe any unethical and improper practices or any other alleged wrongful conduct in the Bank. The policy aims at establishing an efficient Vigil mechanism in the Bank to quickly spot aberrations and deal with it at the earliest.

The Bank, on a continuous basis, makes its customers aware about fraudulent activities prevalent in the market through various channels including SMS, E-mails, posters at Branches, scroll messages on Bank website etc.

The Vigil Mechanism provides a channel to the employees, Directors and other stakeholders to report to the Management about unethical behaviour,

actual or suspected fraud or violation of the Codes of Conduct, regulatory requirements, incorrect or misrepresentation of any financial statements and such other matters. The Chief Vigilance Officer of the Bank acts as a Special Assistant/Advisor to the Managing Director (MD & CEO) of the Bank in the discharge of the vigilance functions. He is responsible for ensuring and promoting a culture of speaking up/raising red flags on matters relating to breaches/ violations of the Bank’s Code of Conduct, fraudulent transactions and provides a non-threatening environment to employees to discuss matters relating to the Bank’s Code of Conduct, suspected unethical behaviour, malpractices, wrongful conduct, frauds, violations of law and questionable accounting or auditing matters, thereby building trust and transparency in the Bank. During the year, no person was denied access to the Audit Committee or its Chairman to raise his/her concern under vigil mechanism.

The Whistle Blower Policy & Vigil Mechanism is hosted on the website of the Bank at [www.aubank.in/notice-board](http://www.aubank.in/notice-board)

**5. Credit Rating**

Below table covers the Credit Ratings of the Bank as on 31<sup>st</sup> March 2020. During the period under review, there has been no revision in the credit rating for the below mentioned instruments:

Nature of Debt Instrument	Nature of Term	CRISIL	India Ratings	ICRA	CARE
Non-Convertible Debentures	Long Term	AA- /Stable	AA-/Stable	AA- /Stable	-
Subordinated Debt/Tier II Bonds	Long Term	AA- /Stable	AA-/Stable	AA- /Stable	-
Bank Loans	Long Term	-	AA- /Stable	AA- /Stable	AA- /Stable
Certificate of Deposits	Short Term	A1+	A1+	-	A1+

**6. Penalties**

No penalties, strictures have been imposed on the Bank by the Stock Exchange(s)/SEBI or any other statutory authorities on matters relating to capital market during the last three years.

**7. CEO & CFO Certification**

Managing Director & CEO and CFO of the Bank have issued a certificate in terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Bank’s affairs. The said certificate is annexed to the Corporate Governance Report.

**8. Subsidiary Company**

During the period under review, the Bank does not have any subsidiary company.

**9. Declaration of Independence**

All independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which have been relied on by the Bank. In the opinion of the Board, the independent Directors fulfil the conditions specified in the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the Management.

The Terms and Conditions of appointment of Independent Directors have been hosted on the Bank's website at [www.aubank.in/notice-board](http://www.aubank.in/notice-board)

## 10. Accounting Treatment

The Bank has adopted accounting policies, which are in line with the Accounting Standards and Financials statements are prepared in adherence to the accounting policies, Accounting Standards and applicable provisions of Companies Act, 2013, Banking Regulation Act, Guidelines issued by Reserve Bank of India and Listing Regulations.

## 11. Means of Communication

The Bank has provided adequate and timely information to its member's inter-alia through the following means:

- i. **Publication of Quarterly/ Half Yearly/Annual financial Results:** The quarterly / half yearly and annual results of the Bank are published in the English newspapers viz. Financial Express, Economic Times and one leading newspaper of vernacular language viz. Punjab Kesari, Nafanuksan. The same is also reported to the stock exchanges.
- ii. **Update on Official Website:** The Bank website [www.aubank.in](http://www.aubank.in) contains a separate 'Investor' Section, wherein financial results, corporate announcement, reports & presentations, Annual Reports, Quarterly Corporate Governance Report, Shareholding Pattern and other disclosures are prominently available for Bank Investors and other stakeholders. Additionally, other press releases, Corporate Governance coverage, Corporate Social Responsibility, policies & procedures and other details are also displayed on the Bank's official website.
- iii. **Official News, Press Release etc.:** Official press releases, performance updates, corporate presentations made to the media, analysts, institutional Investors, etc. are hosted on the Bank's website at link [www.aubank.in/press-release](http://www.aubank.in/press-release) as well as provided to all stakeholders through stock exchanges, social media coverage, newspaper publication, posters & hoardings etc.

iv. **Presentation to institutional investors or analysts:** The presentations made to the institutional investors or analysts are uploaded on the website as well as informed to the Stock Exchanges for dissemination.

v. **Management Discussion and Analysis Report** forms part of this Annual Report.

vi. **Exclusive email ID for Investors:** The Bank has designated the email id [investorrelations@aubank.in](mailto:investorrelations@aubank.in) exclusively for Investor servicing and to resolve their grievances, the same is displayed on the Bank's website.

## 12. Utilisation of Funds

The fund raised during the year, through preferential issue has been utilised to meet the capital & business requirements while supporting the growth plans and for other general corporate purposes.

## 13. Dividend Payment

As recommended by the Board of Directors and approved by the shareholder in its Annual General meeting held during the period under review, the Bank has paid dividend to its shareholders for FY 2018-19.

Further, in an environment of heightened uncertainty caused by COVID-19, the Reserve Bank of India, vide its circular dated 17<sup>th</sup> April 2020 has advised that the Bank shall not make any dividend payout until further instructions. Hence, the Board of Directors has not proposed any dividend for the year ended on 31<sup>st</sup> March 2020.

## 14. Details in relation to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank has zero tolerance towards sexual harassment at the workplace and has adopted a Prevention and Redressal of Sexual Harassment Policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder.

During the year under review, six complaints were reported by the Bank, which were duly reviewed by Internal Complaint Committee and were resolved within the stipulated timeframe and no Complaint is pending as on 31<sup>st</sup> March 2020.

### 15. Market Price Data

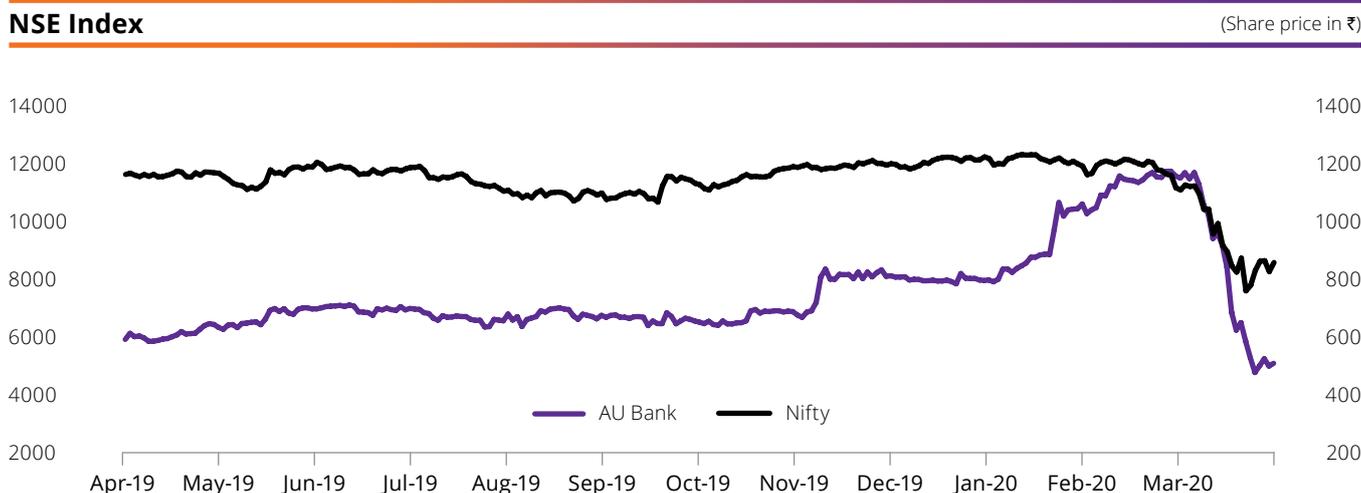
#### Comparison to Broad -Based Indices

Month	NSE			BSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-19	647	578	64,77,645	647.95	577	5,92,108
May-19	719	618.40	66,34,313	719.25	618.75	4,30,412
Jun-19	716.70	665.60	33,01,743	716.50	666	4,35,555
Jul-19	709	624	52,39,632	708.15	625	6,77,510
Aug-19	705	622.50	34,01,429	704.45	629.40	1,60,845
Sep-19	690	614.10	1,05,56,070	690.70	565.15	28,30,758
Oct-19	713	636.30	75,12,781	710	634.20	40,38,314
Nov-19	855	656	1,41,80,397	854.35	658.65	13,76,480
Dec-19	839.95	767.25	49,94,702	838	767.50	2,57,595
Jan-20	1105	786.25	2,40,05,901	1105	786.55	29,63,956
Feb-20	1204	991	1,28,24,101	1201.90	991.65	10,40,227
Mar-20	1218	470.95	2,53,45,093	1217.70	460.15	12,69,661

#### AUBANK relative to S&P BSE SENSEX



#### AUBANK relative to NIFTY



## Distribution of Shareholding as on 31<sup>st</sup> March 2020

### Distribution of Shareholding Based on Nominal Value (₹) as on 31<sup>st</sup> March 2020

Sr. No.	Category (No. of Shares)		Number of Shareholders	% of Total	Total Shares	Share Amount (₹)	% of Total Share Amount
1	1	To 5000	97,255	95.048	85,79,679	8,57,96,790	2.8211
2	5001	To 10000	2,581	2.5224	18,20,418	1,82,04,180	0.5986
3	10001	To 20000	1,095	1.0702	15,40,381	1,54,03,810	0.5065
4	20001	To 30000	358	0.3499	8,82,562	88,25,620	0.2902
5	30001	To 40000	186	0.1818	6,39,469	63,94,690	0.2103
6	40001	To 50000	99	0.0968	4,50,348	45,03,480	0.1481
7	50001	To 100000	218	0.2131	15,77,172	1,57,71,720	0.5186
8	100001 & Above		530	0.518	28,86,33,298	2,88,63,32,980	94.9067
<b>Total</b>			<b>1,02,322</b>	<b>100.00</b>	<b>30,41,23,327</b>	<b>3,04,12,33,270</b>	<b>100.00</b>

### Categories of Shareholders as on 31<sup>st</sup> March 2020

Sr. No.	Particulars	No. of Shares	%
<b>I</b>	<b>Promoters &amp; Promoter Group</b>		
	Sanjay Agarwal	5,67,66,359	18.67%
	Shakuntala Agarwal	1,18,20,430	3.89%
	Jyoti Agarwal	1,18,18,560	3.88%
	Chiranji Lal Agarwal	68,29,321	2.25%
	MYS Holding Private Limited	68,83,722	2.26%
<b>II</b>	<b>Other Institution</b>		
	Mutual Fund	3,36,47,831	11.06%
	Financial Institutions/Bank	71,572	0.02%
	Insurance Companies	1,07,27,363	3.53%
	Foreign Portfolio Investors	8,72,48,957	28.69%
<b>III</b>	<b>Other Non-Institution</b>		
	Bodies Corporates	98,03,445	3.22%
<b>IV</b>	<b>Individuals</b>		
	(i) Individuals holding nominal share capital upto 2 lakh	1,36,92,952	4.50%
	(ii) Individuals holding nominal share capital in excess of 2 lakh	1,26,95,096	4.18%
<b>V</b>	<b>Trusts</b>	34,831	0.01%
<b>VI</b>	<b>Non-Resident Indians (Non-Repatriation)</b>	14,32,767	0.47%
	<b>Non-Resident Indians (Repatriation)</b>	7,74,884	0.25%
<b>VII</b>	<b>Hindu Undivided Family</b>	5,02,327	0.17%
<b>VIII</b>	<b>Clearing Members</b>	10,62,692	0.35%
<b>IX</b>	<b>Foreign Nationals</b>	3,58,14,221	11.78%
<b>X</b>	<b>Alternative Investment Fund</b>	24,63,997	0.81%
<b>XI</b>	<b>NBFCs registered with RBI</b>	32,000	0.01%
	<b>Total</b>	<b>30,41,23,327</b>	<b>100%</b>

**List of Shareholders holding more than 1% share in the Bank as on 31<sup>st</sup> March 2020**

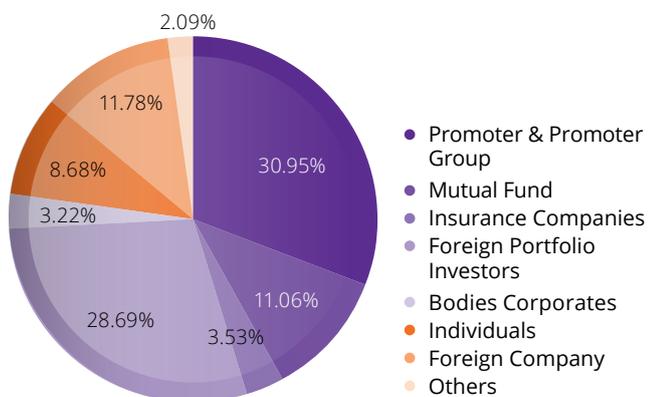
Sr. No.	Particulars	No. of Shares	% of shares
<b>Promoters &amp; Promoter Group</b>			
1	Sanjay Agarwal	5,67,66,359	18.67%
2	Shakuntala Agarwal	1,18,20,430	3.89%
3	Jyoti Agarwal	1,18,18,560	3.88%
4	Chiranjilal Agarwal	68,29,321	2.25%
5	MYS Holding Private Limited	68,83,722	2.26%
<b>Others</b>			
6	Redwood Investment Ltd.	2,09,70,794	6.90%
7	Camas Investments Pte. Ltd.	1,44,34,805	4.75%
8	Kotak Standard Multicap Fund	1,18,83,204	3.91%
9	Motilal Oswal Multicap 35 Fund	91,00,431	2.99%
10	Nomura India Investment Fund Mother Fund	89,78,252	2.95%
11	Smallcap World Fund, Inc	79,70,934	2.62%
12	Amansa Holdings Private Limited	58,17,294	1.91%
13	Hdfc Life Insurance Company Limited	51,05,600	1.68%
14	Steadview Capital Mauritius Limited	50,24,027	1.65%
15	Ourea Holdings Limited	47,39,063	1.56%
16	UTI - Equity Fund	46,31,799	1.52%
17	SBI Magnum Multicap Fund	38,24,578	1.26%
18	Kotak Funds - India Midcap Fund	37,73,804	1.24%
19	Uttam Tibrewal	35,44,673	1.17%
20	Motilal Oswal Financial Services Ltd - Proprietary Account	33,11,324	1.09%

**Shareholding of the Directors of the Bank**

Sr. No.	Particulars	No. of Shares	% of shares
1	Krishan Kant Rathi	83,289	0.03%
2	Jyoti Narang	2,714	0.00%
3	Pushpinder Singh	100	0.00%
4	V G Kannan	5	0.00%

Note: The details of shareholding of Mr. Sanjay Agarwal (MD & CEO) and Mr. Uttam Tibrewal (WTD) is covered under the List of Shareholders holding more than 1% share in the Bank as on 31<sup>st</sup> March 2020 as enumerated hereinabove.

**Shareholding Pattern**



**16. Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity**

During the year under review, the Bank does not have any outstanding GDRs/ADRs warrants that were due for conversion or any other Convertible instruments having an impact on the equity of the Bank.

**17. Commodity price risk or foreign exchange risk and hedging activities**

During the year under review, the Bank does not undertake trading in any commodity. However, the Bank may be exposed to commodity price risks of customers in its capacity as a lender. The Bank is operating in India and is not directly exposed to foreign exchange risk and hedging activities.

## 18. Plant Location

As the Bank is engaged in the business of banking/ financial services, there is no plant location.

## 19. Recommendations of the Committees

No instances have been observed where the Board has not accepted recommendations of any of the Board Committee(s).

## 20. Fees paid to Statutory Auditors

Total fees for services of Statutory Auditor is ₹ 1.45 crore including all entities in the network firm, of which the statutory auditor is a part.

## 21. Certificate from Company Secretary in Practice

The Bank has received a certificate from M/S V. M. & Associates, Company Secretaries, Jaipur that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or

continuing as Directors of companies by the Board/ Ministry of Corporate Affairs or any such authority. The certificate is annexed herewith this Annual Report.

## 22. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review, the Bank has complied with all the mandatory requirements of Regulation 17 to 27 & 46 and has also complied with requirement of Schedule V of the of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 except for Regulation 24, which is not applicable as the Bank does not have any subsidiary. Further, the Bank has also adopted certain voluntary compliance requirement as stipulated in the Companies Act 2013, Listing Regulations and other act, rules, regulations and guidelines as applicable on the Bank, the details of which are covered below:

Sr. No.	Requirement	Detail
1	Shareholder & Investor Right	The audited financial results, quarterly results and other major developments are published in one English newspaper and vernacular language newspaper and is hosted on the Bank's website at <a href="http://www.aubank.in/investors">www.aubank.in/investors</a> The investors' presentations, call transcripts and Press releases are also posted on the Bank's website. Further, information pertaining to important developments of the Bank are brought to the knowledge of the public at large and to the shareholders through communications sent to the stock exchanges where the shares of the Company are listed.
2	Separate office of Non-Executive Part Time Chairman	The Bank has a Non-Executive Part Time Chairman, who has a separate office space at the Bank, and he is entitled for reimbursement of expenses incurred during the performance of his duties.
3	Reporting of Internal Auditor	The Internal Auditor (Chief Audit Officer) of the Bank has direct access to the Audit Committee.

## CERTIFICATE ON COMPLIANCE WITH THE CODE OF CONDUCT & ETHICS

I confirm that the Bank has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the 'Code of Conduct' for financial year 2019-20.

Date: 2<sup>nd</sup> May 2020  
Place: Jaipur

Sd/-  
**Mr. Sanjay Agarwal**  
Managing Director & CEO

## CEO / CFO CERTIFICATION

To  
**The Board of Directors**  
**AU Small Finance Bank Limited**

1. We have reviewed financial statements and the cash flow statement for the year ended on 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
  - ii. these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year, which are fraudulent, illegal or violative of the Bank's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
4. We have indicated, to the Auditors and the Audit Committee:
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Bank's internal control system over financial reporting.

Place: Jaipur  
Date: 2<sup>nd</sup> May 2020

Sd/-  
**Sanjay Agarwal**  
Managing Director & CEO

Sd/-  
**Vimal Jain**  
Chief Financial Officer

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To  
**The Members,**  
**AU Small Finance Bank Limited**  
 19-A, Dhuleshwar Garden  
 Jaipur – 302 001 (Rajasthan)

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **AU Small Finance Bank Limited** having CIN: **L36911RJ1996PLC011381** and having registered office at **19-A, Dhuleshwar garden, Jaipur – 302 001 (Rajasthan)** (hereinafter referred to as 'the Bank'), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below for the Financial Year ended on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of

Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

Sr. No.	Name of Director	DIN
1.	Venugopalan Mannil	00255575
2.	Sanjay Agarwal	00009526
3.	Uttam Tibrewal	01024940
4.	Krishan Kant Rathi	00040094
5.	Jyoti Narang	00351187
6.	Mankal Shankar Sriram	00588922
7.	Kannan Gopalaraghavan Vellur	03443982
8.	Raj Vikash Verma	03546341
9.	Narendra Ostawal	06530414
10.	Pushpinder Singh	08496066

Ensuring the eligibility of, for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

Place: Jaipur  
 Date: 2<sup>nd</sup> May 2020  
 UDIN: F003355B000194964

**For V. M. & Associates**  
*Company Secretaries*  
 (ICSI Unique Code P1984RJ039200)

Sd/-  
**CS Manoj Maheshwari**  
*Partner*  
 Membership No.: FCS 3355  
 C P No.: 1971