

Schedules

forming part of the Balance Sheet as at March 31, 2020

SCHEDULE 1 : CAPITAL

Particulars	(₹ in '000)	
	As at March 31, 2020	As at March 31, 2019
Authorized shares		
35,00,00,000 (March 31, 2019: 35,00,00,000) equity shares of ₹ 10/- each	35,00,000	35,00,000
Issued Subscribed and paid up capital		
I. 29,23,57,486 equity shares of ₹ 10/- each (March 31, 2019: 28,57,03,620 equity shares)	29,23,575	28,57,036
II. Add: 16,61,477 equity shares of ₹ 10/- each (March 31, 2019: 23,23,425 equity shares) in pursuant to exercise of employee stock option	16,615	23,234
III. Add: NIL equity shares of ₹ 10/- each (March 31, 2019: 43,30,441 equity shares) in pursuant to preferential allotment	-	43,305
IV. Add: 1,01,04,364 equity shares of ₹ 10/- each (March 31, 2019: NIL equity shares) in pursuant to conversion of share warrants	1,01,043	-
Total	30,41,233	29,23,575

SCHEDULE 2 : RESERVES AND SURPLUS

Particulars	(₹ in '000)	
	As at March 31, 2020	As at March 31, 2019
I. Statutory Reserve		
Opening Balance*	46,03,502	36,48,985
Additions during the year under the Banking Regulation Act, 1949	16,86,961	9,54,517
Deductions during the year	-	-
Sub-Total	62,90,463	46,03,502

*Opening balance of Statutory Reserve includes ₹ 291.89 crore represents transfer of twenty percent of net profit after tax in accordance with the provision of Section 45-IC of Reserve Bank of India Act, 1934 pursuant to NBFC Regulations.

II. Share Premium		
Opening Balance	53,70,306	22,67,481
Add: Allotment of equity shares	72,35,067	31,35,961
Less: Utilised for share issue expenses	38,796	33,136
Sub-Total	1,25,66,577	53,70,306
III. Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961		
Opening Balance	5,83,000	2,05,000
Additions during the year	6,70,000	3,78,000
Deductions during the year	-	-
Sub-Total	12,53,000	5,83,000
IV. Capital Reserve		
Opening Balance	27,616	-
Additions during the year	69,252	27,616
Deductions during the year	-	-
Sub-Total	96,868	27,616

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SCHEDULE 2 : RESERVES AND SURPLUS (CONTD.)

Particulars	(₹ in '000)	
	As at March 31, 2020	As at March 31, 2019
V. Investment Fluctuation Reserve		
Opening Balance	2,21,200	-
Additions during the year	9,04,349	2,21,200
Deductions during the year	-	-
Sub-Total	11,25,549	2,21,200
VI. Balance in Profit and Loss Account		
Balance in Profit and Loss Account	1,88,73,181	1,57,20,275
Sub-Total	1,88,73,181	1,57,20,275
Total	4,02,05,638	2,65,25,899

SCHEDULE 3 : DEPOSITS

Particulars	(₹ in '000)	
	As at March 31, 2020	As at March 31, 2019
A.I Demand Deposits		
(i) From Banks	2,80,388	5,83,330
(ii) From Others	1,08,59,088	1,02,33,214
Sub-Total	1,11,39,476	1,08,16,544
A.II Savings Bank Deposits	2,67,33,587	2,50,84,367
A.III Term Deposits		
(i) From Banks	4,68,74,602	3,59,04,650
(ii) From Others	17,68,91,620	12,24,18,795
Sub-Total	22,37,66,222	15,83,23,445
Total	26,16,39,285	19,42,24,356
B.I Deposits of branches in India	26,16,39,285	19,42,24,356
B.II Deposits of branches outside India	-	-
Total	26,16,39,285	19,42,24,356

SCHEDULE 4 : BORROWINGS

Particulars	(₹ in '000)	
	As at March 31, 2020	As at March 31, 2019
I. Borrowings in India		
(i) Reserve Bank of India	31,00,000	27,50,000
(ii) Other Banks	1,31,95,467	93,47,147
(iii) Other Institutions and Agencies	8,70,57,769	7,40,36,440
Sub-Total	10,33,53,236	8,61,33,587
II. Borrowings outside India	-	-
Total	10,33,53,236	8,61,33,587
Secured Borrowings (Includes Refinance) other than CBLO, Repo and LAF Borrowings included in I above	7,17,08,067	6,02,99,781
Tier II Debt included in I above	69,50,000	72,00,000
Tier II Debt included in II above	-	-

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SCHEDULE 5 : OTHER LIABILITIES AND PROVISIONS

(₹ in '000)

Particulars	As at March 31, 2020	As at March 31, 2019
I. Bills Payable	2,92,006	3,80,964
II. Inter-office adjustments (net)	-	-
III. Interest Accrued	31,72,803	39,28,987
IV. Provision for Taxation	1,43,910	1,23,378
V. Standard Asset provision (refer note 4.6 – schedule 18A)	12,10,314	9,32,063
VI. Others (including Provisions)*	78,51,045	88,75,721
Total	1,26,70,078	1,42,41,113

*Including general provision of ₹ 138.38 crore (previous year: Nil) made by Bank in respect of accounts in default but standard against the potential impact of COVID-19 as on March 31, 2020.

SCHEDULE 6 : CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in '000)

Particulars	As at March 31, 2020	As at March 31, 2019
I. Cash in Hand (including Foreign Currency Notes - NIL)	32,56,790	11,59,935
II. Balances with Reserve Bank of India		
a. in Current Account	72,39,579	69,51,489
b. in Other Account	-	-
Total	1,04,96,369	81,11,424

SCHEDULE 7 : BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE

(₹ in '000)

Particulars	As at March 31, 2020	As at March 31, 2019
I. In India		
i) Balances with banks in		
(a) Current Accounts	1,61,260	60,781
(b) Other Deposit Accounts	20,89,157	13,29,729
ii) Money at call and short		
(a) with Banks	2,09,50,000	79,00,000
(b) with Other Institutions	-	-
Sub-Total	2,32,00,417	92,90,510
II. Outside India		
i) in Current Accounts	-	-
ii) in Other Deposit Accounts	-	-
iii) in Money at Call and Short Notice	-	-
Sub-Total	-	-
Total	2,32,00,417	92,90,510

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SCHEDULE 8 : INVESTMENTS

Particulars	(₹ in '000)	
	As at March 31, 2020	As at March 31, 2019
I. Investments in India in (net of Provision)		
i) Government Securities	7,64,32,096	4,85,77,966
ii) Other Approved Securities	-	-
iii) Shares	8,93,210	9,72,054
iv) Debentures and Bonds	2,13,79,868	52,11,308
v) Subsidiaries and/ or Joint Venture	-	-
vi) Others [Units, Certificate of Deposits (CD), Commercial Paper (CP), Pass Through Certificates (PTC)]	79,76,979	1,68,55,383
Sub-Total	10,66,82,153	7,16,16,711
II. Investments outside India (net of provision)	-	-
Total	10,66,82,153	7,16,16,711

SCHEDULE 9 : ADVANCES

Particulars	(₹ in '000)	
	As at March 31, 2020	As at March 31, 2019
A		
i) Bills Purchased and Discounted	44,202	40,132
ii) Cash Credits Overdrafts and Loans repayable on Demand	2,49,19,739	2,18,05,092
iii) Term loans	24,49,60,213	20,63,42,084
Total	26,99,24,154	22,81,87,308
B		
i) Secured by Tangible Assets (includes advances against Book debts)	26,15,91,546	22,10,37,413
ii) Covered by Bank / Government Guarantees (includes Advance to Banks)	2,70,177	49,227
iii) Unsecured	80,62,431	71,00,668
Total	26,99,24,154	22,81,87,308
C. I Advances in India		
i) Priority Sectors*	20,01,27,151	16,18,83,819
ii) Public Sector	36,485	1,21,199
iii) Banks	3,80,536	34,74,960
iv) Others	6,93,79,982	6,27,07,330
Total	26,99,24,154	22,81,87,308
C. II Advances outside India	-	-
Total	26,99,24,154	22,81,87,308

*Priority sectors includes ₹ 15,504.75 crore (previous year: ₹ 5,331.75 crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC). During the year ended March 31, 2020, the Bank has bought PSLC amounting Nil (previous year: ₹ 7,470.00 crore), which is not included in above. Advances are net of provisions.

SCHEDULE 10 : FIXED ASSETS

Particulars	(₹ in '000)	
	As at March 31, 2020	As at March 31, 2019
I. Premises (including Land)		
Gross Block		
At Cost as on 31st March of the preceding year	5,87,444	96,129
Additions during the year	2,432	4,91,315
Deductions during the year	-	-
Sub-Total	5,89,876	5,87,444

Schedules

forming part of the Balance Sheet as at March 31, 2020

SCHEDULE 10 : FIXED ASSETS (CONTD.)

Particulars	(₹ in '000)	
	As at March 31, 2020	As at March 31, 2019
Depreciation		
As at 31st March of the preceding year	15,451	10,789
Add: charge during the year	6,325	4,662
Deductions during the year	-	-
Sub-Total	21,776	15,451
Net Block	5,68,102	5,71,993
II. Other Fixed Assets (including Furniture & Fixtures)		
Gross Block		
At Cost as on 31st March of the preceding year	51,78,785	45,17,467
Additions during the year	8,95,694	7,49,403
Deductions during the year	74,549	88,085
Sub-Total	59,99,930	51,78,785
Depreciation		
As at 31st March of the preceding year	13,54,015	7,99,026
Add: charge during the year	8,79,852	6,12,885
Deductions during the year	48,417	57,896
Sub-Total	21,85,450	13,54,015
Net Block	38,14,480	38,24,770
III. Capital Work-in-Progress	97,401	73,537
Total	44,79,983	44,70,300

SCHEDULE 11 : OTHER ASSETS

Particulars	(₹ in '000)	
	As at March 31, 2020	As at March 31, 2019
i) Inter-Office Adjustment (Net)	-	-
ii) Interest Accrued	41,35,137	25,97,211
iii) Tax paid in Advance / Tax Deducted at Sources (Net of Provisions)	99,845	1,00,684
iv) Deferred Tax Assets (Net)	4,06,748	1,09,466
v) Advance for expenses	2,67,483	1,04,809
vi) Security Deposits	2,88,186	2,48,225
vii) Others	14,50,235	13,91,317
Total	66,47,634	45,51,712

SCHEDULE 12 : CONTINGENT LIABILITIES

Particulars	(₹ in '000)	
	As at March 31, 2020	As at March 31, 2019
I. Claims against the Bank not acknowledged as Debts	1,64,982	4,56,490
II. Guarantees given on behalf of Constituents		
a) In India	75,38,833	16,75,157
b) Outside India	-	-
III. Acceptances Endorsements and Other Obligation	1,16,577	2,42,312
IV. Other items for which the Bank is Contingently Liable		
(a) Credit enhancements provided by the Bank towards assets assignment/securitisation	50,77,390	23,96,530
(b) Capital commitments not provided	6,00,126	1,46,909
(c) Other Guarantees	1,02,584	1,04,039
Total	1,36,00,492	50,21,437

Schedules

forming part of the Profit and Loss Account for the Year Ended March 31, 2020

SCHEDULE 13 : INTEREST EARNED

Particulars	(₹ in '000)	
	Year ended March 31, 2020	Year ended March 31, 2019
I. Interest / Discount on Advances/ Bills	3,41,48,376	2,37,41,865
II. Income on Investments	61,34,691	33,38,624
III. Interest on Balances with RBI and Other Inter-Bank Funds	2,58,040	3,13,829
IV. Others	23,17,736	20,96,970
Total	4,28,58,843	2,94,91,288

SCHEDULE 14 : OTHER INCOME

Particulars	(₹ in '000)	
	Year ended March 31, 2020	Year ended March 31, 2019
I. Commission Exchange and Brokerage	42,91,437	31,81,250
II. Profit/(Loss) on sale of Investments (net)	17,25,732	2,21,157
III. Profit/(Loss) on sale of Land Building & Other Assets (net)	(11,114)	(14,428)
IV. Miscellaneous Income (refer note 47 - schedule 18A)	10,54,865	12,31,131
Total	70,60,920	46,19,110

SCHEDULE 15 : INTEREST EXPENDED

Particulars	(₹ in '000)	
	Year ended March 31, 2020	Year ended March 31, 2019
I. Interest on Deposits	1,60,54,668	89,91,397
II. Interest on Reserve Bank of India / Inter Bank Borrowings	8,12,950	6,69,882
III. Others	69,01,822	64,03,985
Total	2,37,69,440	1,60,65,264

SCHEDULE 16 : OPERATING EXPENSES

Particulars	(₹ in '000)	
	Year ended March 31, 2020	Year ended March 31, 2019
I. Payments to and Provision for Employees	75,96,184	60,11,107
II. Rent Taxes and Lighting	9,88,022	7,47,312
III. Printing and Stationery	1,19,237	95,131
IV. Advertisement and Publicity	2,41,075	2,16,900
V. Depreciation on Bank's Property	8,86,177	6,17,546
VI. Directors' fees- allowances and expenses	13,726	8,591
VII. Auditors' Fee	17,186	9,998
VIII. Law charges (includes Professional Fees)	2,21,261	1,65,040
IX. Postages Telegrams Telephones etc.	2,88,609	2,28,051
X. Repairs and Maintenance (includes AMC)	8,10,838	7,60,513
XI. Insurance	1,99,549	98,357
XII. Direct marketing expenses (Payout expenses)	10,20,083	6,87,056
XIII. Travelling & Conveyance	4,29,832	3,39,511
XIV. Other Expenditure	13,46,806	8,40,962
Total	1,41,78,585	1,08,26,075

Schedules

forming part of the Financial Statements for the year ended March 31, 2020

SCHEDULE 17 : BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

1. Background

AU Small Finance Bank Limited (formerly known as AU Financiers (India) Limited) ("AUSFBL" or "the Company" or "the Bank") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

The Company had originally obtained its license from Reserve Bank of India ('RBI') to operate as a non-deposit accepting Non-Banking Financial Company (NBFC-ND) on November 7, 2000 vide certificate of registration no. B-10-00139.

The Company has changed its name to AU Small Finance Bank Limited with effect from April 13, 2017 and commenced its operations as a Small Finance Bank from April 19, 2017 pursuant to the approval received from the Reserve Bank of India dated December 20, 2016.

The Bank is engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations and other services. The Bank operates in India only and does not have presence in any foreign country.

The Bank is governed by the Banking Regulation Act, 1949, banking guidelines issued by RBI on Small Finance Bank 2016, and the Companies Act, 2013.

2. Basis of preparation

The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and complying with the requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank which is used in the preparation of financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by RBI from time to time, the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, Companies (Accounting Standards) Amendment Rules, 2016 in so far as they apply to banks. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The SARS-CoV-2 virus responsible COVID-19 pandemic is continue to spread across the world and India is no exception, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and Central Banks have introduced a variety of measures to contain the spread of the virus and moderate the economic impact due to disruptions. On March 24, 2020, the Indian government announced a strict 21 days lockdown which was further extended by 19 days up till 3rd May across the country to contain the spread of the virus. The lockdown of nearly 136 crore people and many businesses is leading to disruptions and dislocations on a scale never imagined. The extent to which the COVID-19 pandemic will impact the Bank's operations and financial metrics will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium of three months on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Assets Classification and Provisioning norms).

3. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP as applicable to Banks requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses for the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual

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SCHEDULE 17 : BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

results could differ due to these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

4. Significant accounting policies

A. Advances

(i) Classification

Advances are classified as performing assets and non-performing assets ('NPAs') in accordance with the RBI guideline on Income Recognition and Asset Classification (IRAC). Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. The advances are stated net of specific provisions made towards NPAs and unrealised interest on NPAs. Interest on NPAs is transferred to an interest suspense account and not recognised in the Profit and Loss Account until received.

(ii) Provisioning

Provision for non-performing advances comprising sub-standard, doubtful and loss assets is made at a minimum in accordance with the RBI guidelines. In addition, the Bank considers accelerated specific provisioning that is based on past experience, evaluation of security and other related factors. Specific loan loss provision in respect of non-performing advances are charged to the Profit and Loss Account. Any recoveries made by the Bank in case of NPAs written off are recognised in the Profit and Loss Account.

The Bank has applied following provisioning rates:

Overdue buckets	% of provision as per Bank policy	
	(Secured)	(Unsecured)
0-89	As mentioned below	
90-180	15%	25%
181-365	30%	30%
366-455	60%	60%
456-730	60%	100%
>730	100%	100%
Loss asset	100%	100%

The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants

to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advances/ securities, which would generally include, among others, alteration of repayment period/ repayable amount/ the amount of instalments/ rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made and classification thereof is as per the extant RBI guidelines.

In accordance with RBI guidelines, the Bank has provided general provision on standard assets at levels stipulated by RBI from time to time - direct advances to sectors agricultural and SME at 0.25%, commercial real estate & NBFC at 1.00%, restructured standard advances progressively to reach 5.00%, commercial real estate-residential housing at 0.75%, housing loans (which have adequate Loan to Value (LTV) ratio as prescribed by RBI) at 0.25% and for other sectors at 0.40%. Provision made against standard assets in accordance with RBI guidelines as above is disclosed separately under Other Liabilities and not netted off against Advances.

Provision for unhedged Foreign Currency Exposure of borrowers is made as per the RBI guidelines.

B. Securitisation and transfer of assets

The Bank securitises out its receivables to Special Purpose Vehicles ('SPVs') in securitisation transactions. Such securitised-out receivables are de-recognised in the Balance Sheet when they are sold (true sale criteria as defined in RBI Circular, being fully met with) and consideration is received by the Bank. In respect of receivable pools securitised-out, the Bank provides liquidity facility and credit enhancements, as specified by the rating agencies, in the form of cash collaterals/ guarantees and/or by subordination of cash flows in line with RBI guidelines. The Bank also acts as a servicing agent for receivable pools securitised-out.

The Bank enters into transactions for transfer of standard assets through the direct assignment of cash flows, which are similar to asset-backed securitisation transactions through the SPV route, except that such

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SCHEDULE 17 : BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

portfolios of receivables are assigned directly to the purchaser and are not represented by Pass Through Certificates ('PTCs').

The RBI issued addendum guidelines on securitisation of standard assets vide its circular dated May 7, 2012. Accordingly, the Bank does not provide liquidity facility or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines. The Bank amortises any profit received for every individual securitisation or direct assignment transaction based on the method prescribed in these guidelines.

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as 'Miscellaneous Income' and the fee paid for purchase of the PSLCs is recorded as 'Other Expenditure' in the Profit and Loss Account. These are amortised on quarterly basis.

The Bank invests in PTCs issued by other SPVs. These are accounted for at the deal value and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the tenure of the loans.

C. Investments

Classification and valuation of the Bank's Investments is carried out in accordance with RBI and Fixed Income Money Market and Derivatives Association ('FIMMDA') guidelines issued in this regard from time to time.

(i) Classification

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' ('HTM') categories (hereinafter called "categories").

Investments, which the Bank intends to hold till maturity, are classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments.

For the purpose of disclosure in the financial statements, the investments are classified under six groups (hereinafter called "groups"):

- a) Government Securities;
- b) Other Approved Securities;
- c) Shares;
- d) Debentures and Bonds;
- e) Subsidiaries/ Joint Ventures; and
- f) Other Investments.

All investments purchase and sale including equity shares are recorded under "Settlement Date" Accounting.

(ii) Acquisition cost

The cost of investments is determined on weighted average basis. Broken period interest on debt instruments and government securities are considered as a revenue item. The transaction costs including brokerage, commission, transaction/settlement charges etc. paid at the time of acquisition of investments are recognised in Profit and Loss Account.

(iii) Transfer between categories

Transfer of investments between categories, if any are considered in accordance with the extant RBI guidelines as follows:

- a) Transfer from AFS/HFT to HTM is made at the lower of book value or market value at the time of transfer;
- b) Transfer from HTM to AFS/HFT is made at acquisition price/book value if originally placed in HTM at par or at a discount and

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SCHEDULE 17 : BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

at amortised cost if originally placed in HTM at a premium;

- c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provisions for depreciation against the HFT securities or vice-versa.

(iv) Valuation

Investments classified under HTM need not be marked to market and are carried at acquisition cost, unless it is more than face value, in which case the premium is amortised over the period remaining maturity by applying constant price method (Straight Line Method). Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines.

Bank recognises any diminution, other than temporary, in the value of their investment under HTM category for each investment individually.

Investments classified as AFS and HFT are marked to-market on a periodic basis as per relevant RBI guidelines. The securities are valued scrip-wise and any depreciation/appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accreted for the holding period.

Quoted investments are valued at traded/quoted price available on the recognised stock exchanges, subsidiary general ledger account transactions, price list of RBI or prices declared by Financial Benchmark India Pvt. Ltd. ('FIBIL') jointly with Fixed Income Money Market and Derivatives Association (FIMMDA) applicable as at the balance sheet date. For deriving market

value of unquoted fixed income securities (other than Central and State Government securities), yields/mark-up rates (reflecting associate credit risk) published by the FIMMDA is used. The market value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is valued as per rates published by FIBIL/FIMMDA.

In case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e., not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA)/ Financial Benchmark India Pvt. Ltd. ('FIBIL') and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity published by FIMMDA is adopted for this purpose.

Equity shares for which current quotations are not available or where the shares are not quoted on the stock exchanges, should be valued at break-up value (without considering 'revaluation reserves', if any) which is to be ascertained from the company's latest balance sheet (which should not be more than one year prior to the date of valuation). In case the latest balance sheet is not available the shares are to be valued at ₹ 1 per company, as per relevant RBI guidelines.

Investment in mutual fund units are valued at latest available re-purchase price or Net Asset Value (where re-purchase price is not available) as declared by the mutual fund in respect of each particular scheme.

In case of funds with a lock-in period, where repurchase price/market quote is not available, Units could be valued at Net Asset Value (NAV). If NAV is not available, then these could be valued at cost, till the end of the locking period. Wherever the re-purchase price is not available, the Units could be valued at the NAV of the respective scheme.

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SCHEDULE 17 : BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Units of Venture Capital Funds (VCF) held under AFS category are valued using the Net Asset Value (NAV) shown by VCF as per the financial statement. The VCFs are valued based on the audited results once in a year. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF.

Net depreciation in the value, if any, compared to the acquisition cost, in any of the aforesaid six groups, is charged to the Profit and Loss Account. The net appreciation, if any, in any of the six groups is not recognised except to the extent of depreciation already provided. The valuation of investments includes securities under repo transactions. The book value of individual securities is not changed after the valuation of investments.

Non-performing investments are identified and depreciation/provision are made thereon based on the RBI guidelines. The depreciation/provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss Account until received.

(v) Disposal of investments

Profit/Loss on sale of investments under AFS and HFT categories are recognised in the Profit and Loss Account. Profit in respect of investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account as per RBI guidelines. Loss on sale from HTM will be recognised in the Profit and Loss account.

(vi) Investment Fluctuation Reserve

As per the RBI circular RBI/2017-18/147 DBR.No. BP.BC.102/21.04.048/2017-18 dated April 2, 2018, to build up adequate reserves to protect against increase in yields in future, the Bank has created an Investment

Fluctuation Reserve (IFR) to the extent of the lower of following:

- a) net profit on sale of investments during the year;
- b) net profit for the year less mandatory appropriations.

As per the RBI circular, this reserve will be created until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis and where feasible this should be achieved within a period of three year.

(vii) Repo and reverse repo transactions

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions including liquidity adjustment facility (with RBI) accounted for as borrowing and lending transactions. Accordingly, securities given as collateral under an agreement to repurchase them are held under the investments of the Bank and the Bank is accruing the coupon/discount on such securities during the repo period. Also, the Bank value the securities sold under repo transactions as per the investment classification of the securities. The difference between the clean price of the first leg and clean price of the second leg is recognised as interest income/expense over the period of the transaction in the Profit and Loss Account.

D. Transactions involving foreign exchange

Initial recognition

Transactions in foreign currencies entered into by the Bank are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the Balance Sheet date

Foreign currency monetary items, if any, of the Bank, outstanding at the balance sheet date are restated at the rates prevailing at the year-end as notified by Foreign Exchange Dealers Association of India ('FEDAI'). Non-monetary items of the Bank are carried at historical cost.

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SCHEDULE 17 : BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Contingent liabilities on account of foreign exchange contracts, currency future contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

Treatment of Exchange differences

Exchange differences arising on settlement/ restatement of foreign currency monetary assets and liabilities of the Bank are recognised as income or expense in the Profit and Loss Account.

E. Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plan:

The Bank's contributions to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made when the services are rendered by the employees.

Defined Benefits Plan

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Profit and Loss Account in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested while otherwise, it is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term Employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the

services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term Employee benefits

The Bank accrues the liability for compensated absences based on actuarial valuation as at the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Banks' obligation is determined using the Projected Unit Credit Method as at the Balance Sheet date. Actuarial gains/losses are recognised in the Profit and Loss Account in the year in which they arise.

Share based payments

The Employee Stock Option Schemes (ESOSs) of the Bank are in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Schemes provide for grant of options on equity shares to employees of the Bank to acquire the equity shares of the Bank that vest in a cliff vesting or in a graded manner and that are to be exercised within a specified period.

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the intrinsic value method. The intrinsic value being the excess, if any, of the fair market price of the share under ESOSs over the exercise price of the option

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SCHEDULE 17 : BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

is recognised as deferred employee compensation with a credit to Employee's Stock Option (Grant) Outstanding account. The deferred employee compensation cost is amortised on a straight-line basis over the vesting period of the option. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of equity instruments that are outstanding. The fair market price is the latest available closing price preceding the date of grant of the option, on the stock exchange on which the shares of the Bank are listed.

The options that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion. In respect of the options which expire unexercised the balance standing to the credit of Employee's Stock Option (Grant) Outstanding accounts is transferred to Profit & Loss Account.

F. Revenue recognition

- i) Interest Income is recognised on a time proportion accrual basis taking into account the amount outstanding and the interest rate implicit in the underlying agreements. Income or any other charges on non-performing assets or on assets taken in custody for recovery of loan through disposal of such assets during the period are recognised only when realized as per the IRAC norms of RBI. Any such income recognised and remaining unrealized, before the asset became non-performing or before disposal of assets in custody of the company, is reversed. Overdue interest is recognised on realization basis. Overdue interest is treated to accrue on realisation, due to the uncertainty of their realisation other than on running accounts where it is recognised when due.
- ii) Service charges, fees and commission income are recognised when due except for guarantee commission and letter of credit which is recognised over the period of the guarantee/ letter of credit.

- iii) Income on discounted instruments are recognised over the tenure of the instrument on a constant yield basis.
- iv) Loan origination income i.e. processing fee and other charges are collected upfront and recognised at the inception of the loan.
- v) All other charges such as cheque return charges, legal charges, seizing charges, etc. are recognised on realisation basis. These charges are treated to accrue on realisation, due to the uncertainty of their realisation.
- vi) Dividend income is recognised on an accrual basis when the right to receive the dividend is established.
- vii) Interest income on deposits with banks and other financial institutions are recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
- viii) Interest income on investments is recognised on accrual basis.
- ix) Assignment and Securitisation:
 - a) **Income on assignment transactions done prior to RBI circular no. DBOD.No.BP.BC-103/21.04.177/2011-12 May 07, 2012.**
 In case of assignment of loan assets and related receivables "at par", income is accounted for by applying the interest rate implicit in such assigned contracts as reduced by Internal Rate of Return (IRR) committed to the purchaser of loan assets.
 - b) **For transactions done after issuance of RBI circular no. DBOD.No.BP.BC-103/21.04.177/2011-12 May 07, 2012.**
 Gains arising on securitisation of assets is recognised over the tenure of securities issued by SPV as per guidelines on securitisation of standard assets issued by RBI. Income from excess interest spread is accounted for net of losses when redeemed in cash. Expenditure in respect

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SCHEDULE 17 : BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

of securitisation (except bank guarantee fees for credit enhancement) is recognised upfront. Bank guarantee fees for credit enhancement is amortised over the tenure of the agreements. Income arising on direct assignment is recognised over the tenure of agreement on accrual basis.

- x) Amounts recovered against debts written off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the Profit and Loss Account.
- xi) Fees received on sale of Priority Sector Lending Certificates is recognised on proportionate basis during the financial year and considered as Miscellaneous Income, in accordance with the guidelines issued by the RBI.

G. Accounting for leases

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term is classified as operating leases. Operating lease rentals are recognised as an expense on straight-line basis over the lease period in accordance with the AS 19, Leases.

H. Taxation

Tax expenses comprises of current income tax and deferred tax.

Income tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in Profit and Loss Account.

Deferred taxes

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Profit and Loss Account.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Bank has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

I. Accounting for provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date.

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SCHEDULE 17 : BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Bank does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

J. Earnings Per Share (EPS)

Basic and diluted earnings per share is computed in accordance with Accounting Standard-20 - Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the period.

For the purpose of calculating diluted earnings per share, the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

K. Cash and Cash Equivalents

Cash and Cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

L. Fixed Assets

Property, Plant and Equipment/ Software/ Capital Work-in-Progress/ Software under development, Depreciation and Impairment

(i) Property, Plant and Equipment (PPE) and Software

Property, Plant and Equipment and Software are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use.

Gains or losses arising from derecognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Profit and Loss Account when the asset is derecognised.

(ii) Depreciation on property, plant and equipment:

Leasehold land is amortised on a straight-line basis over the period of lease.

Depreciation on Property, Plant, Equipment and software is charged on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management as given below. The useful life have been estimated by the management based on technical advice obtained. Determination of useful life of an asset is a matter of judgment and based on various factors such as type and make of an item, its place and pattern of usage, nature of technology, obsolescence factors, availability of spares, etc. and makes a significant impact on the useful life of an asset.

Particulars	Useful Life (years)
Premises owned by the Bank	60
Furniture and Fixture	10
Vehicles	8
Software	4-7
Computer, Printer, servers and other office equipment	3-6
ATMs	10
Safe, Locker and locker gate	15

Addition to lease hold premises are charged off over the remaining period of lease subject to maximum of 10 years.

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Items individually costing up to ₹ 5,000/- are fully depreciated in the year of installation/purchase as the management estimates the useful life of such assets as one year.

Depreciation on assets acquired/sold during the period is recognised on a pro-rata basis to the Profit and Loss Account from/upto the date of acquisition/sale.

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

(iii) Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(iv) Capital Work-in-Progress/ Software under development

Costs incurred towards acquisition of assets, including expenses incurred prior to those assets being put to use and directly attributable to bringing them to their working condition are included under "Capital Work-in-Progress". Capital Work-in-Progress and Software under development are stated at the amount incurred up to the date of Balance Sheet.

M. Segment Reporting

Part A: Business segments

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by RBI. The Bank operates in the following segments:

(a) Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending and gains or losses on investment operations.

(b) Retail banking

The retail banking segment serves retail customers through a branch network and other delivery channels. This segment raises deposits from customers and provides loans and other services to customers with the help of specialist product groups. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof. Revenues of the retail banking segment are derived from interest earned on retail loans, fees from services rendered etc. expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.

(c) Wholesale banking

The wholesale banking segment provides loans and transaction services to large corporates,

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SCHEDULE 17 : BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

emerging corporates, public sector units, government bodies, financial institutions and medium scale enterprises. Revenues of the wholesale banking segment consist of interest earned on loans made to customers etc. The principal expenses of the segment consist of interest expense on funds borrowed from external sources, interest on deposits, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

(d) Other banking business

This segment includes income from para banking activities such as third party product distribution and the associated costs.

(e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes unallocable assets and liabilities such as deferred tax, prepaid expenses, etc.

Segment revenue includes earnings from customers. Segment result includes revenue less

interest expense less operating expense and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Segment capital employed represents the net assets in that segment.

Part B: Geographic segments

The Bank operates in a single geographic segment i.e. domestic.

N. Share Issue Expenses

Share issue expenses are adjusted from Securities Premium Account as permitted by Section 52 of the Companies Act, 2013.

O. Accounting for Proposed Dividend

Dividend proposed/declared including dividend distribution tax after the balance sheet date is accrued in the books of the Bank in the year in which the dividend is approved by the shareholders as per revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016.

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forming part of the Financial Statements for the year ended March 31, 2020

SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Amounts in notes forming part of the financial statements for the year ended March 31, 2020 are denominated in rupee crore to conform to extant RBI guidelines.

A. Disclosures as Laid Down by RBI Circulars

1 Capital Adequacy Ratio

The Capital adequacy ratio ("CAR") has been computed as per operating guideline for Small Finance Bank in accordance with RBI Circular No. RBI/2016-17/81DBR.NBD.No.26/16.13.218/2016-17 dated October 6, 2016.

The Bank has followed Basel II standardized approach for credit risk in accordance with the Operating Guideline issued by the Reserve Bank of India for Small Finance Banks. Further, the RBI vide its circular No. DBR.NBD.No. 4502/16.13.218/2017-18 dated November 8, 2017 has provided an exemption to all Small Finance Banks whereby no separate capital charge is prescribed for market risk and operational risk.

The total Capital Adequacy ratio of the Bank as at March 31, 2020 is 21.99% (previous year: 19.31%) against the regulatory requirement of 15.00% as prescribed by RBI.

The Bank has also considered an additional Risk Weight of 25% on assets under lien for its "grandfathered" legacy borrowings as per instructions received from RBI.

No Capital Conservation Buffer and Counter - Cyclical Capital Buffer is applicable on Small Finance Bank (SFB) as per operating guidelines issued on SFB by RBI.

The following table set forth, for the year indicated, computation of Capital adequacy:

Sr. No.	Particulars	₹ in crore)	
		March 31, 2020	March 31, 2019
(i)	Common Equity Tier 1 capital ratio (%)	18.36%	15.96%
(ii)	Tier I capital ratio (%)	18.36%	15.96%
(iii)	Tier II capital ratio (%)	3.63%	3.35%
(iv)	Total Capital Ratio (CRAR) (%)	21.99%	19.31%^
(v)	Percentage of the shareholding of the Government of India in public sector banks	-	-
(vi)	Amount of equity capital raised	545.72*	482.09**
(vii)	Amount of Additional Tier I capital raised; of which		
	Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
	Perpetual Debt Instruments (PDI)	-	-
(viii)	Amount of Tier II capital raised; of which		
	Debt capital instruments:		500.00
	Preferential capital instrument	-	-
	Shares (PCPS)/ Redeemable Non-Cumulative Preference Shares (RNCPS)/ Redeemable Cumulative Preference Shares	-	-

* During the year ended March 31, 2020, the Bank has received an amount of ₹ 525.00 crore (the "Balance Consideration") upon allotment of equity shares against 1,01,04,364 convertible warrants pursuant to exercise of option by the warrant holder. These warrants are converted into 1,01,04,364 equity share of the Bank of face value ₹ 10 each, at an issue price of ₹ 692.77 per share aggregating to ₹ 700.00 crore out of which ₹ 175.00 crore (the "Upfront Consideration") was received during the previous year.

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

** During the year ended March 31, 2019, the Bank has raised additional equity capital through a preferential allotment of 43,30,441 equity shares of ₹ 10 each at an issue price of ₹ 692.77 per share. Accordingly, the paid-up share capital of the Bank has increased by ₹ 4.33 crore and the reserves of the Bank have increased by ₹ 295.67 crore. Also the Bank allotted 1,01,04,364 convertible warrants, each convertible into one equity share of the Bank of face value ₹ 10 each, at an issue price of ₹ 692.77 per share aggregating to ₹ 700.00 crore out of which ₹ 175.00 crore (the "Upfront Consideration") has been received during the current year against allotment of warrant and the balance of ₹ 525.00 crore (the "Balance Consideration") shall be received upon allotment of equity shares against such warrants pursuant to exercise of option by the warrant holder. This Upfront Consideration is considered as part of Tier I Capital for the purpose of computation of the Capital Adequacy Ratio as at March 31, 2019.

^ The Bank has reduced proposed dividend for computing Capital Adequacy Ratio as at March 31, 2019.

Further the Bank allotted 16,61,477 equity shares (previous year: 23,23,425 equity shares) aggregating to paid up share capital of ₹ 1.66 crore (previous year: ₹ 2.32 crore) and the reserves of the Bank have increased by ₹ 19.06 crore (previous year: ₹ 4.77 crore) in respect of stock options exercised.

2 Investments

2.1 Detail of Investments

Particulars	(₹ in crore)	
	March 31, 2020	March 31, 2019
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	10,668.24	7,161.72
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	0.02	0.05
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	10,668.22	7,161.67
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	0.05	0.47
(ii) Add: Provisions made during the year	0.02	0.05
(iii) Less: Write off/ write back of excess provisions during the year	0.05	0.47
(iv) Closing balance	0.02	0.05

Reserve Bank of India vide its circular dated April 2, 2018 and June 15, 2018 respectively granted banks an option to spread provisions for mark to market losses on investments held in AFS and HFT for the quarters ended December 31, 2017, March 31, 2018 and June 30, 2018. The Circular stated that the provisioning for each of these quarters may be spread equally over upto four quarters, commencing with the quarter in which the loss was incurred. The Bank has availed the dispensation as provided in above circular in Quarter ended June 30, 2018, however, during the Quarter ended December 31, 2018, the brought forward unamortised depreciation has been fully offset against the appreciation in the AFS/HFT Investments.

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

2.2 Repo Transactions

Details of repo/reverse repo deals (in face value terms) (Including LAF and TREPS) entered during the year ended March 31, 2020

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2020
Securities sold under repo:				
i. Government securities				
a. LAF Repo	-	310.00	37.10	310.00
b. Triparty Repo (TREPS)	-	474.84	140.01	449.97
ii. Corporate debt securities	-	25.19	0.14	-
Securities purchased under reverse repo:				
i. Government securities				
a. LAF Repo	-	2,700.00	191.59	2,095.00
b. Triparty Repo (TREPS)	-	239.96	3.14	-
ii. Corporate debt securities	-	-	-	-

Details of repo/reverse repo deals (in face value terms) (Including LAF and TREPS) entered during the year ended March 31, 2019

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2019
Securities sold under repo:				
i. Government securities				
a. LAF Repo	-	275.00	12.07	275.00
b. Triparty Repo (TREPS)	-	268.06	12.43	-
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo:				
i. Government securities				
a. LAF Repo	-	575.00	45.19	510.00
b. Triparty Repo (TREPS)	-	-	-	-
ii. Corporate debt securities	-	-	-	-

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forming part of the Financial Statements for the year ended March 31, 2020

SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

2.3 Non-SLR investment portfolio

i) Issuer composition of Non-SLR investments

Issuer-wise composition of non-SLR investments as at March 31, 2020:

(₹ in crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities*
1	2	3	4	5	6	7
(i)	Public sector undertakings	354.36	-	-	-	-
(ii)	Financial institutions	1,857.59	417.79	-	-	-
(iii)	Banks	154.64	94.98	-	-	-
(iv)	Private corporates	402.76	-	-	-	50.00
(v)	Subsidiaries/ Joint Ventures	-	-	-	-	-
(vi)	Others**	255.66	255.66	-	-	-
(vii)	Provision held towards depreciation	-	-	-	-	-
	Total	3,025.01	768.43	-	-	50.00

Amounts reported under column 4, 5, 6 and 7 above are not mutually exclusive.

* Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates (PTC), security receipts, commercial papers, certificates of deposit, non-convertible debentures (NCDs) with original or initial maturity up to one year issued by corporate (including NBFC), unlisted convertible debentures and securities acquired by way of conversion of debt.

** Others include Investment in Pass Through Certificates (PTC).

Issuer-wise composition of non-SLR investments as at March 31, 2019:

(₹ in crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities*	Extent of 'Unlisted' Securities*
1	2	3	4	5	6	7
(i)	Public sector undertakings	645.69	447.16	-	-	-
(ii)	Financial institutions	971.03	335.14	-	-	-
(iii)	Banks	33.17	-	-	-	-
(iv)	Private corporates	246.74	98.70	-	-	-
(v)	Subsidiaries/ Joint Ventures	-	-	-	-	-
(vi)	Others**	407.29	407.29	-	-	-
(vii)	Provision held towards depreciation	(0.05)	(0.05)	-	-	-
	Total	2,303.87	1,288.24	-	-	-

Amounts reported under column 4, 5, 6 and 7 above are not mutually exclusive.

* Excludes equity shares, units of equity-oriented mutual fund, units of venture capital fund, pass through certificates (PTC), security receipts, commercial papers, certificates of deposit, non-convertible debentures (NCDs) with original or initial maturity up to one year issued by corporate (including NBFC), unlisted convertible debentures and securities acquired by way of conversion of debt.

** Others include Investment in Pass Through Certificates (PTC).

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

ii) Non-performing Non-SLR investments

The Bank does not have any Non-performing Non-SLR investment as on March 31, 2020 and March 31, 2019.

2.4 Details of investments category-wise (Net of Provision for Depreciation)

The details of investments held under the three categories viz. Held for Trading (HFT), Available for Sale (AFS) and Held to Maturity (HTM) are as under:

Particulars	As at March 31, 2020				As at March 31, 2019			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
	Government securities	10.47	2,592.25	5,040.49	7,643.21	5.08	965.40	3,887.31
Other approved securities	-	-	-	-	-	-	-	-
Shares	-	89.32	-	89.32	-	97.21	-	97.21
Debentures and bonds	-	2,137.99	-	2,137.99	-	521.13	-	521.13
Subsidiary/ Joint ventures	-	-	-	-	-	-	-	-
Others*	300.00	497.70	-	797.70	-	1,685.54	-	1,685.54
Total	310.47	5,317.26	5,040.49	10,668.22	5.08	3,269.28	3,887.31	7,161.67

(₹ in crore)

* Others Investment includes Certificate of Deposits amounting of ₹ 94.98 crore (previous year: NIL), Commercial Papers of ₹ 147.07 crore (previous year: ₹ 1,278.30 crore), Mutual fund Units of ₹ 300.00 crore (previous year: NIL) and PTC of ₹ 255.66 crore (previous year: ₹ 407.24 crore).

Figures Reported above are Net of Provision (Depreciation/NPI)

2.5 Sale and Transfers to/from HTM Category

During the year ended March 31, 2020 and the previous year ended March 31, 2019 the Bank has not sold and transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS/HFT consequent to the reduction of ceiling on SLR securities under HTM.

3 Derivatives/ Exchange traded Interest derivatives/ Risk exposures in derivatives

The bank has not entered into any derivative instruments for trading/speculative purposes either in Foreign Exchange or domestic treasury operations and Bank does not have any Forward Rate Agreement or Interest rate swaps during the year ended March 31, 2020 and March 31, 2019.

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

4 Asset Quality

4.1 Movement in NPAs (On fund based portfolio)

Particulars	(₹ in crore)	
	March 31, 2020	March 31, 2019
(i) Net NPAs to Net Advances (%)	0.81%	1.29%
(ii) Movement of NPAs (Gross)		
Gross NPAs as on 1st April (opening balance)	470.14	269.74
Additions (Fresh NPAs) during the year	617.03*	447.73
Sub-total (A)	1,087.17	717.47
Less:		
(i) Upgradations	525.73*	175.20
(ii) Recoveries (excluding recoveries made from upgraded accounts)	56.53	52.50
(iii) Technical/ Prudential Write-offs	2.05	-
(iv) Write-offs other than those under (iii) above	45.08	19.63
Sub-total (B)	629.39	247.33
Gross NPAs as on 31st March (closing balance) (A-B)	457.78	470.14
(iii) Movement of Net NPAs		
(a) Opening balance	294.50	169.34
(b) Additions during the year	402.65	316.51
(c) Reductions during the year	(479.85)	(191.35)
(d) Closing balance	217.30	294.50
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	175.64	100.40
(b) Provisions made during the year	214.38	131.22
(c) Write-offs/ Write-back of excess provisions	(149.54)	(55.98)
(d) Closing balance	240.48	175.64

*Additions and deletions does not include loans which have become NPA during the month and subsequently moved out of NPA in the same month.

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

4.2 Disclosure on accounts subjected to restructuring for the year ended March 31, 2020:

(₹ in crore, except numbers)

Sr. No.	Type of Restructuring Asset Classification → Details ↓	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total					
		Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss		
1	Restructured Accounts as on April 1 of the FY (opening figures)*	-	-	-	-	-	-	-	-	3	0.48	1.04	-	0.48	1.04	5	-	8	1.52
2	Fresh restructuring during the year	-	-	-	-	-	-	-	-	0.02	-	0.39	-	0.41	-	0.39	-	2	0.41
3	Upgradations to restructured standard category during the year	-	-	-	-	-	-	-	-	-	0.06	-	-	0.06	-	-	-	0.06	-
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	-	-	-	-	-	-	-	-	-	0.01	-	-	0.01	-	-	-	0.01	-
5	Downgradations of restructured accounts during the year	-	-	-	-	-	-	-	-	(3)	(0.48)	-	-	(3)	(0.48)	-	-	(3)	(0.48)
6	Write-offs of restructured accounts during the year	-	-	-	-	-	-	-	-	(0.02)	-	-	-	(0.02)	-	-	-	(0.02)	-
7	Restructured Accounts as on March 31 of the year (closing figures)*	-	-	-	-	-	-	-	-	-	-	(0.07)	-	(0.07)	-	(0.07)	-	2	0.58
		-	-	-	-	-	-	-	-	-	-	0.58	-	0.58	-	0.58	-	2	0.58
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-
		-	-	-	-	-	-	-	-	-	0.06	0.97	-	1.03	0.06	0.97	-	7	1.03
		-	-	-	-	-	-	-	-	-	0.01	0.97	-	0.98	0.01	0.97	-	7	0.98

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.) 4.2 Disclosure on accounts subjected to restructuring for the year ended March 31, 2019:

Sr. No.	Type of Restructuring No. Asset Classification → Details ↓	Under CDR Mechanism			Under SME Debt Restructuring Mechanism			Others			Total					
		Sub-Standard	Doubtful	Loss	Standard	Doubtful	Loss	Standard	Doubtful	Loss	Sub-Standard	Doubtful	Loss	Total		
1	Restructured Accounts as on April 1 of the FY (opening figures)*	-	-	-	-	-	-	-	7	1	-	-	7	1	-	8
	Amount outstanding	-	-	-	-	-	-	2.50	0.00	-	-	-	2.50	0.00	-	2.50
	Provision thereon	-	-	-	-	-	-	0.62	0.00	-	-	-	0.62	0.00	-	0.62
2	Fresh restructuring during the year	-	-	-	-	-	-	-	-	1	-	-	-	-	1	-
	Amount outstanding	-	-	-	-	-	-	-	0.04	-	-	-	-	0.04	-	0.04
	Provision thereon	-	-	-	-	-	-	-	0.02	-	-	-	-	0.02	-	0.02
3	Upgradations to restructured standard category during the year	-	-	-	-	-	-	3	(4)	-	-	(1)	3	(4)	-	(1)
	Amount outstanding	-	-	-	-	-	-	0.48	(1.45)	-	-	(0.97)	0.48	(1.45)	-	(0.97)
	Provision thereon	-	-	-	-	-	-	0.02	(0.39)	-	-	(0.37)	0.02	(0.39)	-	(0.37)
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	-	-	-	-	-	-	-	(3)	3	-	-	-	(3)	3	-
	Amount outstanding	-	-	-	-	-	-	-	(1.05)	1.00	-	(0.05)	-	(1.05)	1.00	(0.05)
	Provision thereon	-	-	-	-	-	-	-	(0.23)	0.37	-	0.14	-	(0.23)	0.37	0.14
6	Write-offs of restructured accounts during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31 of the year (closing figures)*	-	-	-	-	-	-	3	-	5	-	8	3	-	5	8
	Amount outstanding	-	-	-	-	-	-	0.48	-	1.04	-	1.52	0.48	-	1.04	1.52
	Provision thereon	-	-	-	-	-	-	0.02	-	0.39	-	0.41	0.02	-	0.39	0.41

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

4.3 Details of Financial Assets sold during the year to Securitisation/Reconstruction Companies (SC/RC) for Asset Reconstruction

During the year, there was no sale of non-performing financial assets to Securitisation Company/Reconstruction Company (previous year: Nil).

4.4 Details of book value of investment in security receipts (SRs) backed by NPAs

The Bank has not invested in security receipts during the year and previous year.

4.5 Details of non-performing assets purchased/sold

The Bank did not sell/buy non-performing assets during the year and previous year, (Does not includes clean up call option exercised on Securitised portfolio).

4.6 Provisions on Standard Assets

Particulars	(₹ in crore)	
	March 31, 2020	March 31, 2019
Provision towards Standard Assets	121.03*	93.21

*Does not includes general provision of ₹ 138.38 crore made by bank in respect of accounts in default but standard against the potential impact of COVID-19 as on March 31, 2020.

5 Business Ratios

Particulars	March 31, 2020	March 31, 2019
i. Interest Income as a percentage to Working Funds	11.91%	12.02%
ii. Non-interest income as a percentage to Working Funds	1.96%	1.88%
iii. Operating Profit as a percentage to Working Funds	3.33%	2.94%
iv. Return on Assets	1.81%	1.48%
v. "Business" (deposits plus advances) per employee (₹ in crore)	3.00	2.34
vi. Profit per employee (₹ in crore)	0.05	0.03

Definitions of certain items in Business ratios/information:

- Working funds to be reckoned as monthly average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949.
- Operating profit = (Interest Income + Other Income - Interest expenses - Operating expenses).
- Return on Assets has been calculated on yearly average of total assets.
- "Business" is the total of monthly average of net advances and deposits (net of inter-bank deposits).
- Productivity ratios (Business per employee and Profit per employee) are based on monthly average of employees count.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports and has been furnished by the Management which has been relied upon by the auditors.

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

6 Asset Liability Management

Maturity pattern of certain items of assets and liabilities

As at March 31, 2020

Particulars	₹ in crore)											
	Day 1	2 to 7 days	8 to 14 days	15-30 days	31 days & upto 2 months	More than 2 months and upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	100.96	947.85	1,034.59	824.86	1,744.82	1,980.83	3,631.26	8,110.79	7,594.92	165.91	27.14	26,163.93
Advances	1.23	20.44	50.03	43.44	28.40	1,204.18	2,181.50	4,043.39	11,500.66	4,300.83	3,618.30	26,992.42
Investments	2,788.50	555.21	176.67	367.32	339.13	416.54	997.81	1,888.14	2,930.07	43.68	165.14	10,668.22
Borrowings	7.94	694.97	75.76	145.20	467.70	596.97	1,168.45	1,872.77	4,280.14	525.42	500.00	10,335.32
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-	-

As at March 31, 2019

Particulars	₹ in crore)											
	Day 1	2 to 7 days	8 to 14 days	15-30 days	31 days & upto 2 months	More than 2 months and upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	45.95	691.48	495.99	911.62	1,733.71	1,739.14	2,099.08	4,482.04	6,955.77	253.52	14.14	19,422.44
Advances	8.54	332.72	168.46	394.94	654.47	518.75	1,326.14	2,736.79	8,598.92	3,632.66	4,446.34	22,818.73
Investments	1,048.15	347.44	502.80	465.69	684.38	602.81	677.33	1,193.67	1,408.25	47.88	183.27	7,161.67
Borrowings	0.73	0.05	327.50	203.29	133.84	100.30	1,150.61	1,492.90	4,028.59	675.55	500.00	8,613.36
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-	-

In computing the above information, certain estimates and assumptions have been made by the Bank's Management which have been relied upon by the auditors.

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

7 Exposures

7.1 Exposure to real estate sector

Category	(₹ in crore)	
	March 31, 2020	March 31, 2019
(a) Direct exposure		
(i) Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Includes Individual housing loans eligible for inclusion in priority sector advances as at March 31, 2020 ₹ 340.69 crore and as at March 31, 2019 ₹ 78.90 crore).	450.22	116.35
(ii) Commercial Real Estate – Lending secured by mortgages on commercial real estate (office buildings, retail space, multi purpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	900.01	793.69
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
(a) Residential	-	-
(b) Commercial Real Estate	-	-
Total (A)	1,350.23	910.04
(b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	1,028.68	519.57
Total (B)	1,028.68	519.57
Total Exposure to Real Estate Sector (A+B)	2,378.91	1,429.61

Of the loans given against the mortgage of any real estate, only those loans have been classified as an exposure to commercial real estate, the prospects for repayment in respect of which depend primarily on the cash flows generated by such mortgaged asset.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports which has been furnished by the Management and has been relied upon by the auditors.

7.2 Exposure to Capital Market

Particulars	(₹ in crore)	
	March 31, 2020	March 31, 2019
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	89.32	97.21
(ii) Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds.	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/ convertible debentures/ units of equity oriented mutual funds does not fully cover the advances.	-	16.12
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	136.00	-

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

Particulars	(₹ in crore)	
	March 31, 2020	March 31, 2019
(vi) Loans sanctioned to corporates against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
(vii) Bridge loans to companies against expected equity flows/ issues.	-	-
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	-	-
(ix) Financing to stockbrokers for margin trading.	-	-
(x) All exposures to Venture Capital Funds (both registered and unregistered).	-	-
Total Exposure to Capital Market	225.32	113.33

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports which has been furnished by the Management and has been relied upon by the auditors.

7.3 Details of risk category-wise country exposure

The Bank does not have any country risk exposure other than "home country exposures" and accordingly, no provision is maintained with regard to country risk exposure (previous year: Nil).

7.4 Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the bank

During the year ended March 31, 2020 and March 31, 2019, the Bank has not exceeded the prudential credit exposure limit as prescribed by the Reserve Bank of India in respect of Single Borrower and Group Borrowers.

7.5 Unsecured Advances

The Bank has not extended any advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. (previous year: Nil). The unsecured advances of ₹ 806.24 crore (previous year: ₹ 710.07 crore) as disclosed in Schedule 9 are without any collateral security.

8 Penalties levied by the RBI

During the year ended March 31, 2020, RBI has imposed a penalty of ₹ 0.001 crore (previous year: Nil) for not exchanging soiled notes at a branch.

9 Breakup of "Provisions and Contingencies" recognised in the Profit and Loss Account comprise:

Sr. No.	Particular	(₹ in crore)	
		March 31, 2020	March 31, 2019
(i)	Provision for Non-performing advances	64.75	75.24
(ii)	Provision for Depreciation on Investments	(0.04)	(0.42)
(iii)	Provision for Income Tax	268.92	195.56
(iv)	Provision for Deferred Tax	(29.73)	2.76
(v)	Non-performing Advances written off	51.80	28.47
(vi)	Provision on Standard Advances	27.83	36.81
(vii)	Other Provision and Contingencies*	138.86	1.68
	Total Provisions and Contingencies	522.39	340.10

*Including general provision of ₹ 138.38 crore made by bank in respect of accounts in default but standard against the potential impact of COVID-19 as on March 31, 2020.

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

10 Floating provision

Particulars	(₹ in crore)	
	March 31, 2020	March 31, 2019
(a) Opening balance in the floating provisions account	-	-
(b) The quantum of floating provisions made in the accounting year	-	-
(c) Amount of draw down made during the accounting year	-	-
(d) Closing balance in the floating provisions account	-	-

11 Draw down from reserves

There has been no draw down from reserves during the year ended March 31, 2020 and March 31, 2019 other than those disclosed under Schedule 2.

12 Disclosure for Customer Complaints

(A) Status of Customer Complaints

(i) Customer complaints other than ATM transaction disputes:

Particular	(₹ in crore)	
	March 31, 2020	March 31, 2019
No. of complaints pending at the beginning of the year	763	118
No. of complaints received during the year	18002	14182
No. of complaints redressed during the year	18561	13537
No. of complaints pending at the end of the year	204	763

(ii) ATM transaction disputes relating to the Bank's customers on bank's ATMs:

Particular	(₹ in crore)	
	March 31, 2020	March 31, 2019
No. of complaints pending at the beginning of the year	6	3
No. of complaints received during the year	3682	5446
No. of complaints redressed during the year	3687	5443
No. of complaints pending at the end of the year	1	6

(iii) ATM transaction disputes relating to the Bank's customers on other bank's ATMs:

Particular	(₹ in crore)	
	March 31, 2020	March 31, 2019
No. of complaints pending at the beginning of the year	126	-
No. of complaints received during the year	9370	9283
No. of complaints redressed during the year	9464	9157
No. of complaints pending at the end of the year	32	126

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forming part of the Financial Statements for the year ended March 31, 2020

SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

(iv) Total customer complaints and ATM transaction disputes [total of tables (i), (ii) and (iii) above]:

Particular	March 31, 2020	March 31, 2019
No. of complaints pending at the beginning of the year	895	121
No. of complaints received during the year	31054	28911
No. of complaints redressed during the year	31712	28137
No. of complaints pending at the end of the year	237	895

Includes complaints received from Banking Ombudsman (BO) and out of 237 (previous year: 895) pending complaints, all redressed before Board meeting except 3 (previous year: 62) complaints.

(B) Status of Awards passed by the Banking Ombudsman (BO)

Particular	March 31, 2020	March 31, 2019
No. of unimplemented Awards at the beginning of the year	Nil	Nil
No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
No. of Awards implemented during the year	Nil	Nil
No. of unimplemented Awards at the end of the year	Nil	Nil

The above details are as furnished by the Management and relied upon by the Auditors.

13 Disclosure of Letters of Comfort (LoC) issued by the Bank

The Bank has not issued any Letter of Comfort during the period ended March 31, 2020 and March 31, 2019.

14 Provisioning Coverage Ratio

The Provision Coverage Ratio (PCR) (excluding standard assets provision and general provision on advances due to COVID-19) of the Bank is 52.78% as at March 31, 2020 (previous year: 37.36%).

15 Bancassurance Business

Commission, Exchange and Brokerage in Schedule 14 include the following fees earned on Bancassurance business:

Nature of Income	(₹ in crore)	
	March 31, 2020	March 31, 2019
Towards selling of life insurance policies	17.55	16.03
Towards selling of non-life insurance policies	13.02	9.85
Towards selling of mutual fund and other products	0.48	0.70

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

16 Concentration of deposits, advances, exposures and NPAs

(i) Concentration of Deposits

Particulars	(₹ in crore)	
	March 31, 2020	March 31, 2019
Total Deposits of twenty largest depositors*	6,125.75	4,854.83
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	23.41%	25.00%

*Includes certificate of deposits

(ii) Concentration of Advances

Particulars	(₹ in crore)	
	March 31, 2020	March 31, 2019
Total Advances to twenty largest borrowers	1,026.32	1,289.56
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	3.79%	5.72%

Advances comprise credit exposure (funded and non-funded credit limits).

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system which has been relied upon by the auditors.

(iii) Concentration of Exposures

Particulars	(₹ in crore)	
	March 31, 2020	March 31, 2019
Total Exposure to twenty largest borrowers/customers	2,420.45	2,071.66
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	8.05%	8.33%

Exposures comprise credit exposure (funded and non-funded credit limits) including investment exposure.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system which has been relied upon by the auditors.

(iv) Concentration of NPAs

Particulars	(₹ in crore)	
	March 31, 2020	March 31, 2019
Total Exposure to top four NPA accounts	26.97	26.25

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17 Sector-wise advances

(₹ in crore)

Sr. No.	Sector	March 31, 2020		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A Priority Sector*				
1	Agriculture and allied activities	3,815.27	67.17	1.76%
2	Advances to industries sector eligible as priority sector lending	2,111.06	27.17	1.29%
	Wood and Wood Products	212.40	3.44	1.62%
	Engineering	385.93	4.75	1.23%
	Gems and Jewellery	325.08	1.97	0.61%
	Infrastructure	386.62	2.25	0.58%
3	Services	13,944.70	276.24	1.98%
	Transport Operators	2,736.76	60.13	2.20%
	Trade	6,883.74	144.18	2.09%
4	Personal loans	341.84	0.91	0.27%
	Housing Loan	340.69	0.91	0.27%
	Advances against Fixed Deposits	1.00	-	0.00%
	Sub-total (A)	20,212.87	371.49	1.84%
B Non-Priority Sector				
1	Agriculture and allied activities	-	-	0.00%
2	Industry	67.78	0.32	0.47%
	Wood and Wood Products	9.93	0.06	0.62%
	Engineering	9.83	0.02	0.23%
	Gems and Jewellery	6.16	0.01	0.21%
	Infrastructure	2.36	-	0.00%
3	Services	4,348.18	74.71	1.72%
	Transport Operators	591.99	6.16	1.04%
	Trade	447.63	14.98	3.35%
4	Personal loans	2,604.07	11.26	0.43%
	Housing Loan	109.54	-	0.00%
	Vehicle Loans	1,125.33	8.88	0.79%
	Advances against Fixed Deposits	809.54	-	0.00%
	Sub-total (B)	7,020.03	86.29	1.23%
	Total (A+B)	27,232.90	457.78	1.68%

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

17 Sector-wise advances (contd.)

(₹ in crore)

Sr. No.	Sector	March 31, 2019		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A Priority Sector*				
1	Agriculture and allied activities	3,227.80	73.86	2.29%
2	Advances to industries sector eligible as priority sector lending	1,490.30	24.99	1.68%
	Engineering	236.90	4.69	1.98%
	Gems and Jewellery	248.66	2.03	0.82%
	Infrastructure	321.73	2.23	0.69%
3	Services	11,529.05	303.98	2.64%
	Transport Operators	2,634.88	78.23	2.97%
	Trade	5,090.90	141.40	2.78%
4	Personal loans**	91.05	-	0.00%
	Sub-total (A)	16,338.20	402.83	2.47%
B Non-Priority Sector				
1	Agriculture and allied activities	-	-	0.00%
2	Industry	18.06	0.06	0.31%
	Engineering	3.42	-	0.00%
	Gems and Jewellery	0.18	0.00	1.04%
	Infrastructure	2.86	0.02	0.70%
3	Services	4,175.49	41.93	1.00%
	Transport Operators	137.36	5.01	3.65%
	Trade	224.64	11.90	5.30%
	Non-Banking Financial Companies	2,712.78	-	0.00%
4	Personal loans	2,462.62	25.32	1.03%
	Vehicle Loans	1,551.24	19.50	1.26%
	Sub-total (B)	6,656.17	67.31	1.01%
	Total (A+B)	22,994.37	470.14	2.04%

*Priority sector outstanding total advances includes ₹ 15,504.75 crore (previous year: ₹ 5,331.75 crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC).

During the year ended March 31, 2020, the Bank has bought PSLC amounting Nil (previous year: ₹ 7,470.00 crore) which is not included in above disclosure.

**Personal loan includes Housing loan.

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports which has been furnished by the Management and has been relied upon by the auditors.

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18 Technical or prudential write-offs

Technical or prudential write-offs refer to the amount of non-performing assets which are outstanding in the books of the branches, but have been written-off (fully or partially) at the head office level. The financial accounting systems of the Bank are integrated and there are no write-offs done by the Bank which remain outstanding in the books of the branches. Movement in the stock of technically or prudentially written-off accounts is given below:

Particular	(₹ in crore)	
	March 31, 2020	March 31, 2019
Opening balance of technical/prudential write-offs	-	-
Technical/Prudential write-offs during the year	2.41	-
Sub-total (A)	2.41	-
Recoveries made from previously technically/prudentially written-off accounts during the year (B)	-	-
Closing balance of technical/prudential write-offs [(A)-(B)]	2.41	-

* Includes two loans which directly classified into technical written off from standard assets classification during the year amounting to ₹ 0.36 crore.

19 Overseas assets, NPAs and revenue

The Bank does not have any overseas branches and hence the disclosure regarding overseas assets, NPAs and revenue is not applicable (Previous Year: Nil).

As on March 31, 2020, the Nomination and Remuneration Committee consist of Non-Executive Directors, composition of committee is as follows:

20 Off Balance Sheet SPVs sponsored

There are no Off-Balance Sheet SPVs sponsored by the Bank, which need to be consolidated as per accounting norms.

- Mr. Krishan Kant Rathi – Independent Director (Chairman)
- Mr. Raj Vikash Verma – Independent Director (w.e.f. March 30, 2020)
- Ms. Jyoti Narang – Independent Director
- Mr. Narendra Ostawal – Non-Executive Director

21 Disclosures on remuneration

A. Qualitative Disclosures:

a) Information relating to the composition and mandate of the Remuneration Committee:

In compliance of Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Banking Regulation Act, 1949 and other guidelines as applicable, the Board of Directors through its Nomination and Remuneration Committee (NRC) of the Board oversees the framing, review and implementation of the compensation policy of the Bank, on behalf of the Board. This committee works in coordination with Risk Management Committee of the Bank, in order to achieve effective alignment between risk and remuneration.

Mr. Mannil Venugopalan – Independent Director - Chairman (ceased to be a member from March 30, 2020)

The roles and responsibilities of the Nomination and Remuneration Committee (NRC) are as under:

- (i) Assist the Board in formulation and implementation of compensation policy and lay down the criteria for remuneration of directors, Key Management Personnel (KMPs) and Senior Management Personnel (SMPs) and other employees and take inputs from the Risk Management Committee of the Board to ensure balance between remuneration and risks as required. The

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- committee shall ensure that the mix of cash, equity and other forms of compensation must be consistent with risk alignment and objectives of the Bank.
- (ii) Lay down the comprehensive criteria for assessment in terms of qualifications, positive attributes, independence, professional experience, track record, integrity and considering other parameters for appointment of directors, KMPs and SMPs.
- (iii) Develop policies and lay down criteria for appointment/ removal/ re-appointment of the Directors of the Board capturing the statutory and regulatory requirements.
- (iv) Assist in defining the performance evaluation criteria for Directors and other KMPs and ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- (v) Ensure that the compensation policy formulated for remuneration of Directors, KMPs and SMPs is reasonable and sufficient to attract, retain and motivate quality talent required to run the Bank.
- (vi) Ensure Bank's compensation policy provides a fair and consistent basis for motivating and rewarding employees appropriately according to their performance, job profile, their contribution, skill and competence and also review compensation levels of the Bank's employees vis-à-vis other banks and the banking industry in general.
- (vii) Ensure that the compensation for directors, KMPs, SMPs is a mix of fixed and variable pay and such compensation that reflects short and long-term performance objectives appropriate to the working and the goals of the Bank.
- (viii) Ensure that appropriate procedures are in place to assess Board effectiveness and also provide the suggestions on governance to the Board of directors.
- (ix) Review and oversee the Employee Benefits Program of the Bank including deferred benefits and
- (x) Assessing the integrity and suitability, financial position, cross check of any criminal records, civil actions undertaken, refusal of admission to or expulsion from professional bodies, sanctions applied by regulators or similar bodies and previous questionable business practice are considered for a candidate.
- b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:**
- Objectives of Compensation Policy:**
- Ensure compliance with applicable laws, rules and regulations as well as 'Fit and Proper criteria' of directors before their appointment.
 - Establish standards on compensation/ remuneration including fixed and variable, which are in alignment with the applicable rules and regulations and is based on the trends and practices of remuneration prevailing in the industry.
 - Retain, motivate and promote talent and to ensure long-term sustainability of talented KMPs, SMPs and other employees.
 - Define internal guidelines for payment of perquisites to the Directors and KMPs.
 - Institutionalize a mechanism for the appointment/ removal/ resignation/ evaluation of performance of Directors.
 - Perform such functions as are required to be performed by the Nomination and Remuneration committee under the SEBI (Share Based Employee Benefits) Regulations, 2014, including the following:
 - (a) administering the ESOP plans;

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- (b) determining the eligibility of employees to participate under the ESOP plans;
- (c) granting options to eligible employees and determining the date of grant;
- (d) determining the number of options to be granted to an employee;
- (e) determining the exercise price under the ESOP plans and
- (f) Formulation of the criteria for determining qualifications, positive attributes and independence of a Directors and formulate the criteria for evaluation of performance of all the Directors on the Board, KMPs and SMPs.

The remuneration process is aligned to Bank's compensation policy.

- c) **Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:**

The Key parameters taken into account for the structuring of remuneration covering fixed pay and variable pay are mentioned below:

- (i) Risk factors that are significant to the Banking operations of the Bank are taken into consideration in devising the remuneration structure and it is symmetric to the risk outcomes.
- (ii) Compensation payout is scheduled in manner where sensitivity to time horizon of risks is taken into consideration in the review process.
- (iii) Individual performance is reviewed on the basis of Key Responsibility Areas (KRAs) and the same is carried out under the Annual Performance Review (APR) of the Bank.
- (iv) Industry Benchmarking, inflation and increase of cost of living.

In addition, remuneration process includes a 'malus' and 'clawback' option to take care of any disciplinary issue or future drop in performance of individual/ business/ Bank.

- d) **Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:**

Individual performances are assessed in line with business/individual delivery of the Key Result Areas (KRAs), top priorities of business, budgets etc. One of the key factor to be considered for annual performance evaluation is the goal sheet built in Human Capital Management Software.

In linking the performance and level of remuneration the job levels, business budgets, risk factors, achievement of individual KRAs are taken into consideration for taking decision in this regard.

- e) **A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:**

Employees are classified into following three categories for the purpose of remuneration:

Category I: Whole Time Directors (WTD)/Chief Executive Officer (CEO)

Category II: Risk Control and Compliance Staff

Category III: Other Categories of Staff

Category I

The compensation for all Category I employees is approved by the Nomination and Remuneration committee and RBI and the variable pay shall not exceed 70% of the fixed pay.

Category II

The compensation shall be subject to several factors while assessing the remuneration structure of employees with judicious mix of fixed and variable pay in line with industry practices. Key Result Areas (KRAs) of the executives, risk

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factors, performance vis-a-vis targets will be given suitable weightage for deciding the variable pay and considering principles laid down under compensation policy.

Category III

The employees of the Bank are being appointed by the Human Resource Management team of the Bank. The remuneration structure of employees is designed with judicious mix of fixed and variable pay in line with industry practices.

For adjusting deferred remuneration before and after vesting:

The Bank's compensation policy provides for following in the event of negative contributions malus arrangement wherein Bank shall withhold vesting of amount of deferred remuneration and clawback arrangement wherein ED's shall be liable to return previously paid or vested remuneration to the Bank as per the applicable provisions/guidelines stipulated by RBI.

Malus: Payment of all or part of amount of deferred variable pay can be prevented, this shall be applicable in case of:

- (i) Disciplinary Action (at the discretion of the Disciplinary Committee) and/or
- (ii) Significant drop in performance of Individual/Business (at the discretion of the Nomination & Remuneration Committee).
- (iii) Resignation of staff prior to the payment date.

Clawback: Previously paid or already vested deferred variable pay may be recovered under this clause.

This clause will be applicable in case of Disciplinary Action (at the discretion of the Disciplinary Action Committee and approval of the Nomination & Remuneration Committee).

- f) **Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other**

forms) that the bank utilizes and the rationale for using these different forms:

The Bank remuneration structure is Mix of Fixed Pay, Variable Pay & Deferred compensation methodology, which is reflective of the commitment and philosophy of creating and sharing wealth with the employees.

The Variable pay is decided considering risk factors, job profile, level of performance and industry norms to ensure that employee morale is high and to promote consistency in performance over the time horizon.

The breakup of remuneration is the follows:

Fixed Remuneration: It consists of Basic Salary, House Rent Allowance, conveyance, other allowances and perquisites.

Variable Remuneration: Variable Remuneration is paid as a percentage of Fixed pay, depending upon the performance of the Employees against set key responsibility areas (KRAs).

Employee Stock Option: ESOPs are being given to the Executive Directors, KMPs, SMPs and other employees on the basis of their performance against set KRAs, responsibilities, and vintage with the organization.

B. Quantitative Disclosures:

- a) **Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.**

During the year ended March 31, 2020, 5 meetings of Nomination and Remuneration committee was held. Each Member of the Nomination and Remuneration committee is paid a sitting fee of ₹ 30,000 per meeting attended.

During the year ended March 31, 2019, 6 meetings of Nomination and Remuneration committee was held. Each Member of the Nomination and Remuneration committee is paid a sitting fee of ₹ 20,000 per meeting attended.

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- b) **Number of employees having received a variable remuneration award during the financial year.**

3 KMP and 5 Senior Management Personnel as risk takers were paid the variable remuneration during the year ended March 31, 2020.

1 KMP and 5 Senior Management Personnel as risk takers were paid the variable remuneration during the year ended March 31, 2019.

- c) **Number and total amount of sign-on awards made during the financial year.** – Nil (previous year Nil)

- d) **Details of guaranteed bonus, if any, paid as joining/sign on bonus.** – Nil (previous year Nil)

- e) **Details of severance pay, in addition to accrued benefits, if any.** – Nil (previous year Nil)

- f) **Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.**

Cash – ₹ 0.26 crore variable pay is pertaining to performance of Mr. Uttam Tibrewal for FY 2017-18 and the same was pending to be released as on March 31, 2020 and ₹ 0.30 crore variable pay is pertaining to performance of him for FY 2018-19 and the same is to be paid in FY 2020-21. (previous year Nil).

Outstanding ESOPs as at March 31, 2020 – 38,30,681 equity shares (previous year 27,56,429 equity shares).

- g) **Total amount of deferred remuneration paid out in the financial year.**

Cash – ₹ 0.45 crore variable pay is pertaining to performance of Mr. Sanjay Agarwal for FY 2017-18 and ₹ 0.91 crore, 0.39 crore and 0.45 crore is variable pay pertaining to performance of Mr. Uttam Tibrewal for FY 2016-17, 2017-18 and 2018-19 respectively.

ESOPs – 1,34,900 Equity Shares exercised (previous year 13,08,217 Equity Shares exercised).

- h) **Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.**

Total fixed salary for the year ended March 31, 2020 - ₹ 9.05 crore. (3 KMPs and 6 SMPs) (previous year ₹ 7.26 crore - 3 KMPs and 5 SMPs)

Deferred Variable Pay

- ESOPs – 1,63,943 equity shares (previous year 5,47,200 equity shares)

FY 2019-20

- Post RBI approval ₹ 0.29 crore will be paid for FY 2018-19 to Mr. Uttam Tibrewal in FY2020-21 and remaining were paid in FY2019-20.
- 10,00,000 ESOPs under ESOP Scheme 2018 for FY 18-19 were granted to Mr. Uttam Tibrewal after RBI Approval dated June 17, 2019.
- Earlier for F.Y. 2017-18, 38,702 ESOPs under ESOP Scheme 2015 – Plan A & 10,18,758 ESOPs under ESOP Scheme 2015 – Plan B were granted and revised proposal has been submitted to RBI and the approval of the RBI is pending as at year end FY 2019-20.

FY 2018-19

- Variable Pay for Mr. Sanjay Agarwal, MD & CEO of ₹ 0.45 crore for the year FY 2017-18 was approved by Nomination & remuneration committee & Board which is pending with RBI for its approval and no variable pay is proposed for performance of FY 2018-19.
- Variable Pay for Mr. Uttam Tibrewal, WTD of ₹ 0.91 crore, ₹ 0.65 crore & ₹ 0.75 crore for the year FY 2016-17, FY 2017-18 and FY 2018-19 was approved by Nomination & remuneration committee & Board, the approval of the same from RBI is awaited.

Non-Deferred variable pay

Remuneration award of ₹ 3.75 crore paid during FY 2019-20 was related to FY 2018-19 and remuneration for the FY 2019-20 (previous year ₹ 1.50 crore was related to FY 2017-18).

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- i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments – Nil
- j) Total amount of reductions during the financial year due to ex-post explicit adjustments. – Nil (previous year Nil)
- k) Total amount of reductions during the financial year due to ex-post implicit adjustments. – Nil (previous year Nil)
- Excludes gratuity benefits since the same is computed at Bank level.*

22 Credit default swaps

The Bank has not transacted in credit default swaps during the period ended March 31, 2020, (previous year: Nil).

23 Intra-Group exposure

The Bank does not have any exposure (advances/investments) within the group, (previous year: Nil).

24 Transfers to Depositor Education and Awareness Fund (DEAF)

During the year ended March 31, 2020 and March 31, 2019 the Bank was not required to transfer any amount to Depositor Education and Awareness Fund.

25 Unhedged foreign currency exposure

As of March 31, 2020, there is no unhedged foreign currency exposure, (previous year: Nil).

26 Disclosures relating to Securitisation

(i) Information of assignment/securitisation activity as an originator:

Particulars	(₹ in crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Total number of loan assets assigned/securitized (in Nos.)	1,02,268	-
Total book value of loan assets assigned/securitized	4,007.02	-
Sale consideration received for loan assets assigned/securitized	4,007.02	-
Income recognised in Profit and Loss Account (including income on MRR)	163.71	148.82

(ii) Information with respect to outstanding credit enhancements and liquidity support:

Particulars	(₹ in crore)			
	Transactions at PAR		Transactions at PREMIUM	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Outstanding credit enhancements (first loss):				
Cash collaterals (placed as bank deposits)	69.11	99.75	0.23	0.23
Guarantees provided by banks on behalf of the Bank	113.28	-	5.81	5.81
Outstanding credit enhancements (second loss):				
Guarantees provided by banks on behalf of the Bank	234.87	138.27	-	-
Cash collaterals (placed as bank deposits)	70.95	-	-	-
Liquidity facility (utilised)	32.42	24.43	-	-
Liquidity facility (unutilised)	19.30	1.40	-	-

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

26 Disclosures relating to Securitisation (contd.)

(iii) Disclosure as per RBI guidelines for securitisation transactions:

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
No. of SPVs sponsored by the Bank for securitisation transactions (in Nos.)	20	26
Total amount of securitised assets as per books of the SPVs sponsored by the Bank (outstanding as on balance sheet date)	3,300.46	876.74
Total amount of exposures retained by the Bank to comply with minimum retention requirement (MRR) as on the date of balance sheet		
a) Off balance sheet exposures		
First Loss	113.28	-
Others	-	-
b) On balance sheet exposures		
First Loss	69.11	99.75
Others	211.59	59.35
Amount of exposures to securitisation transaction other than MRR		
a) Off balance sheet exposures		
I) Exposure to own securitisations		
First Loss	-	-
Others (Guarantees provided by banks on behalf of the Bank)	234.87	138.27
II) Exposure to Third party securitisations		
First Loss	-	-
Others	-	-
b) On balance sheet exposures		
I) Exposure to own securitisations		
First Loss	-	-
Others (Cash collateral placed in lieu of bank guarantee)	70.95	-
II) Exposure to Third party securitisations		
First Loss	-	-
Others	-	-

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

27 Liquidity Coverage Ratio (LCR)

i) Quantitative disclosure on Liquidity Coverage Ratio (LCR) for period ended March 31, 2020:

Particular	Quarter ended March 31, 2020		Quarter ended December 31, 2019		Quarter ended September 30, 2019		Quarter ended June 30, 2019	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
(₹ in crore)								
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (HQLA)		6,419.21		5,017.92		4,815.21		4,600.14
Cash Outflows								
2. Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	1,564.46	78.22	977.23	48.86	902.37	45.12	837.58	41.88
(ii) Less stable deposits	7,125.41	712.54	7,064.55	706.46	6,253.29	625.33	5,434.03	543.40
3. Unsecured wholesale funding, of which:								
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	7,294.59	5,686.14	6,131.52	4,673.21	5,566.21	4,294.85	5,759.21	4,493.62
(iii) Unsecured debt	486.80	486.80	341.42	341.42	543.11	543.11	274.28	274.28
4. Secured wholesale funding		36.52		-		-		25.27
5. Additional requirements, of which:								
(i) Outflows related to derivative exposures and other collateral requirements								
(ii) Outflows related to loss of funding on debt products								
(iii) Credit and liquidity facilities								
6. Other contractual funding obligations	760.21	760.21	627.02	627.02	622.97	622.97	517.51	517.51
7. Other contingent funding obligations	4,211.58	187.29	3,539.03	159.96	3,010.26	135.41	2,535.97	118.42
8. Total Cash Outflows		7,947.72		6,556.93		6,266.79		6,014.38
Cash Inflows								
9. Secured lending (e.g. reverse repos)	540.62	-	115.46	-	87.00	-	31.80	-
10. Inflows from fully performing exposures	1,665.16	1,412.20	1,320.56	1,080.01	1,178.27	962.38	1,386.89	1,180.28
11. Other cash inflows	412.51	206.26	389.10	194.55	349.72	174.86	323.15	161.58
12. Total Cash Inflows		1,618.46		1,274.56		1,137.24		1,341.86
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13. Total HQLA								
14. Total Net Cash Outflows		6,418.93		5,017.92		4,815.21		4,600.14
15. Liquidity Coverage Ratio (%)		101%		95%		94%		98%

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

27 Liquidity Coverage Ratio (LCR) (contd.)

i) Quantitative disclosure on Liquidity Coverage Ratio (LCR) for period ended March 31, 2019:

Particular	Quarter ended March 31, 2019		Quarter ended December 31, 2018		Quarter ended September 30, 2018		Quarter ended June 30, 2018	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (HQLA)	3,811.74		3,034.42		2,205.42		1,671.12	
Cash Outflows								
2. Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	760.21	38.01	657.44	32.87	561.97	28.10	456.19	22.81
(ii) Less stable deposits	4,380.32	438.03	3,388.19	338.82	2,623.55	262.35	1,987.79	198.78
3. Unsecured wholesale funding, of which:								
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	5,137.36	3,886.14	4,535.92	3,307.09	3,310.51	2,270.90	2,512.27	1,782.26
(iii) Unsecured debt	497.05	497.05	214.91	214.91	403.41	403.41	324.33	324.33
4. Secured wholesale funding		16.67		-		19.57		3.30
5. Additional requirements, of which:								
(i) Outflows related to derivative exposures and other collateral requirements								
(ii) Outflows related to loss of funding on debt products								
(iii) Credit and liquidity facilities								
6. Other contractual funding obligations	423.77	423.77	276.73	276.73	303.81	303.81	270.04	270.04
7. Other contingent funding obligations	2,145.08	100.23	1,822.23	83.48	1,460.15	66.02	1,316.84	58.87
8. Total Cash Outflows	5,399.90	4,253.90			3,354.16		2,660.39	
Cash Inflows								
9. Secured lending (e.g. reverse repos)	45.13	-	65.03	-	43.36	-	26.56	-
10. Inflows from fully performing exposures	1,518.77	1,340.21	1,465.87	1,303.73	1,405.35	1,260.68	1,167.06	1,029.46
11. Other cash inflows	272.42	136.21	266.62	133.31	223.98	111.99	207.56	103.78
12. Total Cash Inflows	1,476.42	1,437.04			1,372.67		1,133.24	
Total Adjusted Value								
	3,811.74	3,034.42	3,034.42	2,205.42	2,205.42	1,671.12	1,671.12	1,527.15
13. Total HQLA	3,811.74	3,034.42	3,034.42	2,205.42	2,205.42	1,671.12	1,671.12	1,527.15
14. Total Net Cash Outflows	3,923.48	2,816.86	2,816.86	1,981.49	1,981.49	1,981.49	1,981.49	1,981.49
15. Liquidity Coverage Ratio (%)	97%	108%	108%	111%	111%	109%	109%	109%

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

27 Liquidity Coverage Ratio (LCR) (contd.)

ii) Qualitative disclosure on Liquidity Coverage Ratio (LCR):

To assess Bank's resilience in liquidity stress scenario of 30 days with its high-quality liquid assets, Banks need to compute Liquidity Coverage Ratio (LCR) as per RBI - Basel III Framework on Liquidity Standards. High Ratio signifies Bank has enough liquid assets which it can use to fulfil its liquidity obligations in acute stress scenario. Ratio to compute as below:

$$\text{LCR} = \frac{\text{Stock of High Quality Liquid Assets (HQLA)}}{\text{Net Cash Outflows over a 30 days period}}$$

Stock of High Quality Liquid Asset is total funding liquid assets could generate in stress scenario. Net Cash outflows is the difference as derived by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in.

Minimum Requirement for Small Finance Banks (as per operating guidelines for Small Finance Banks RBI/2016-17/81 DBR.NBD.No.26/16.13.218/2016-17 dated Oct 06, 2016 & RBI circular RBI/2019-20/217 DOR.BP.BC.No.65/21.04.098/2019-20 dated April 17, 2020) is as below:

Till December 31, 2017	From January 1, 2018	From January 1, 2019	From January 1, 2020	From April 17, 2020	From October 1, 2020	From April 1, 2021
60%	70%	80%	90%	80%	90%	100%

The Bank has implemented LCR framework and has consistently maintained the LCR percentage well above the regulatory threshold limit. The average LCR for the quarter ended March 31, 2020 was 101% which is above the regulatory limit of 90%. For the quarter ended March 31, 2020 HQLA stood at ₹ 6,419 crore.

Asset Liability Committee (ALCO) of the Bank is the primary governing body for Liquidity Risk Management, Treasury is entrusted with the responsibility, under the guidance of the ALCO operationalising liquidity management within the Bank. ALM Risk unit independently measures, monitors & report Liquidity Risk as per regulatory & internal guidelines.

In computing the above information, certain estimates and assumptions have been made by the Bank's Management which have been relied upon by the auditors.

28 Divergence in the asset classification and provisioning

RBI vide its circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and Notification dated 1st April 2019, has directed banks shall make suitable disclosures, if either or both of the following conditions are satisfied:-

- the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period, and
- the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.

The Bank has not been subjected to any assessment by the RBI during the year.

There has been no material divergence observed by the RBI for the financial year 2017-18 (as per assessment by the RBI during financial year 2018-19) in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) which require such disclosures.

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

29 Details of Priority Sector Lending Certificates (PSLCs)

(₹ in crore)

Type of PSLCs	For the year ended March 31, 2020		For the year ended March 31, 2019	
	PSLC bought during the year	PSLC sold during the year	PSLC bought during the year	PSLC sold during the year
Agriculture	-	960.00	1,750.00	275.00
Small and Marginal farmers	-	1,150.00	1,105.00	600.00
Micro Enterprises	-	12,139.75	-	2,409.75
General	-	1,255.00	4,615.00	2,047.00
Total	-	15,504.75	7,470.00	5,331.75

30 Provision pertaining to fraud accounts

(₹ in crore)

Particular	As at March 31, 2020	As at March 31, 2019
No. of frauds reported during the year	95	33
Amount involved in fraud	1.09	0.64
Amount involved in fraud net of recoveries/write-offs as at the end of the year	0.80	0.28
Provisions held as at the end of the year	0.80	0.28
Amount of unamortised provision debited from "other reserves" as at the end of the year	-	-

31 Provision for credit card and debit card reward points

The Bank is not providing any reward points on cards.

32 Description of contingent liabilities

Sr. No.	Contingent liability*	Brief description
1	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal and tax proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
2	Guarantees on behalf of constituents	As a part of its Banking activities, the Bank issues guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of customer failing to fulfill its financial or performance obligations
3	Acceptances, endorsements and other obligations	These includes: Documentary credit such as letters of obligations, enhance the credit standing of the customers of the Bank. Bill rediscounted by the Bank and cash collateral provided by the Bank on assets which have been securitised.
4	Other items for which the Bank is contingently liable	These includes: a) Credit enhancements in respect of securitised-out loans b) Contractual payments for Capital commitments c) Other Guarantees

*Also refer Schedule 12 - Contingent Liabilities

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

33 Corporate social responsibility

Particular	(₹ in crore)	
	March 31, 2020	March 31, 2019
(a) Gross amount required to be spent by the Bank during the year (including deficit of previous year)	16.38	11.10
(b) Amount spent during the year		
On purposes other than construction/acquisition of any asset		
Paid in Cash	12.65	4.59
Yet to be Paid in Cash	-	-
Total	12.65	4.59

34 Small and micro industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

35 Proposed dividend

The Reserve Bank of India, vide its circular dated April 17, 2020, has decided that banks shall not make any further dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank, at their meeting held on May 2, 2020, has not proposed any dividend for the year ended March 31, 2020.

During the Previous year, the Board of Directors at their meeting proposed a dividend of ₹ 0.75 per share and the same has been approved by members in Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not appropriated proposed dividend (including tax) aggregating ₹ 26.43 crore from Profit and Loss Account. However, the effect of the proposed dividend has been reckoned in determining Capital funds in the computation of capital adequacy ratio as at March 31, 2019.

36 Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A):

The Bank does not have any account under the Scheme for Sustainable Structuring of Stressed Assets (S4A) as on March 31, 2020, (previous year: Nil).

37 Disclosures on Flexible Structuring of Existing Loans:

The Bank does not have any account under the Scheme Flexible Structuring of Existing Loans as on March 31, 2020, (previous year: Nil).

38 Resolution of Stressed Assets – Revised Framework

The Bank is having one loan account for resolution of stressed Assets (Revised framework) amounting to ₹ 41.67 crore as per RBI Circular RBI/2017-18/131DBR.No.BP.BC.101/21.04.048/2017-18 and RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 as on March 31, 2020 where resolution plan has been submitted by one of the lead Banker on March 30, 2020. (previous year: Nil).

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

39 Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

The Bank has not restructured any account as per RBI Circular RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020, DBR.No.BP.BC.100/21.04.048/2017-18 dated February 07, 2018 and DBR.No.BP.BC.108/21.04.048/2017-18 dated June 6, 2018 as on March 31, 2020, (previous year: Nil).

40 Disclosures on Strategic Debt Restructuring Scheme (SDR):

The Bank does not have any accounts under SDR as on March 31, 2020, (previous year: Nil).

41 Disclosures on Change in Ownership outside SDR Scheme:

The Bank does not have any account which are currently under the scheme of Change in Ownership Outside SDR as on March 31, 2020, (previous year: Nil).

42 Disclosures on Change in Ownership of Projects Under Implementation:

The Bank does not have any account which are currently under the scheme of Change in Ownership of Projects Under Implementation as on March 31, 2020, (previous year: Nil).

43 Details of factoring exposure:

The factoring exposure of the Bank as at March 31, 2020 is Nil (previous year: Nil).

44 Inter-bank Participation with risk sharing:

During the year the Bank has not entered into inter-bank participation with risk sharing, (previous year: Nil).

45 Investor education and protection fund

There is no amount required to be transferred to Investor Education and Protection Fund by the Bank, (previous year: Nil).

46 Disclosure on remuneration to Non-Executive Directors

(₹ in crore)

Particular	March 31, 2020	March 31, 2019
Remuneration by way of sitting fees to the Non-Executive Directors for attending meetings of the Board and its committees	0.64	0.36
Profit related commission to all Non-Executive Directors other than the Chairperson	0.47	0.33

47 Miscellaneous income includes profit on sale of units of mutual fund, recoveries from loans written off, income from dealing in Priority Sector Lending Certificates (PSLC), marketing support fees etc.

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

48 Details of payments of Audit Fees

Particular	(₹ in crore)	
	March 31, 2020	March 31, 2019
Statutory Audit fees and other related services*	1.72	1.00
Other Matters	-	-
Total	1.72	1.00

*Includes out of pocket expenses.

49 COVID-19 Regulatory Package – Asset Classification and Provisioning

Disclosure as per RBI Circular RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 on COVID-19 Regulatory Package - Asset Classification and Provisioning -

Sr. No.	Particular	(₹ in crore)
		Amount
1	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3 of the Circular #	2,469.83
2	Respective amount where asset classification benefits is extended*	36.26
3	Provisions made during the Q4FY2020 in terms of paragraph 5 of the Circular	123.49
4	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of the Circular	-

excludes amounts in SMA/overdue categories, where the moratorium/deferment was extended on securitised portfolio amounting to ₹ 297.79 crore and provision made of ₹ 14.89 crore there on.

* includes only those cases which could have got assets classification benefit as on March 31, 2020.

B. OTHER DISCLOSURES

1 Fixed Assets as per Schedule 10 relating to purchase of software and system development expenditure which are as follows:

Particular	(₹ in crore)	
	March 31, 2020	March 31, 2019
Gross Block		
At cost on 31st March of the preceding year	124.79	107.18
Additions during the year	19.20	17.80
Deductions during the year	2.44	0.19
Total (a)	141.55	124.79
Depreciation/Amortisation		
As at 31st March of the preceding year	33.86	17.29
Charge for the year	20.49	16.76
Deductions during the year	1.71	0.19
Total (b)	52.64	33.86
Net Value (a-b)	88.91	90.93

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

2 Segment reporting

Part A: Business segments:

Segment reporting for the year ended March 31, 2020 and March 31, 2019 is given below:

Sr. No.	Particular	(₹ in crore)	
		March 31, 2020	March 31, 2019
1	Segment revenue		
(a)	Treasury	819.95	403.29
(b)	Retail banking	3,616.37	2,550.46
(c)	Wholesale banking	524.61	430.72
(d)	Other banking operations	31.05	26.57
(e)	Unallocated	-	-
	Income from operations	4,991.98	3,411.04
2	Segment results		
(a)	Treasury	163.76	11.39
(b)	Retail banking	563.15	410.34
(c)	Wholesale banking	156.02	131.82
(d)	Other banking operations	31.04	26.58
	Total Segment results	913.97	580.13
	Less: Unallocated expenses	-	-
	Total Profit Before Tax	913.97	580.13
	Provision for Tax (Including deferred tax)	239.19	198.32
	Total Profit After Tax	674.78	381.81
3	Segment Assets		
(a)	Treasury	13,040.65	8,384.82
(b)	Retail banking	24,564.95	19,167.40
(c)	Wholesale banking	3,751.73	4,341.87
(d)	Other banking operations	2.72	4.40
(e)	Unallocated	783.02	724.31
	Total Assets	42,143.07	32,622.80
4	Segment Liabilities		
(a)	Treasury	5,151.12	4,471.73
(b)	Retail banking	15,755.57	11,807.77
(c)	Wholesale banking	16,839.33	13,156.64
(d)	Other banking operations	0.00	0.00
(e)	Unallocated	20.24	23.77
	Capital and Other Reserves	4,376.81	3,162.89
	Total Liabilities	42,143.07	32,622.80

Part B: Geographic segments

The business of the Bank is in India only. Accordingly, geographical segment is not applicable.

Segmental information is provided as per the MIS/reports available for internal reporting purposes, which includes certain estimates and assumptions. The methodology adopted in compiling and reporting the above information has been relied upon by the auditors.

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

3 Related Party Disclosures:

A. Related Parties:

Key management personnel (KMP)

Mr. Sanjay Agarwal, Managing Director and CEO
Mr. Uttam Tibrewal, Whole Time Director
Mr. Deepak Jain, Chief Financial Officer (upto March 31, 2020),
Elevated as Chief Operating Officer w.e.f. April 1, 2020
Mr. Vimal Jain, Chief Financial Officer (w.e.f. April 1, 2020)
Mr. Manmohan Parnami, Company Secretary

Enterprises over which KMP/ relatives of KMP have control/ significant influence

Abhiyan Bharat Foundation
AU Bank Employees Group Gratuity Trust
AU Financiers Employees Welfare Trust
AU Foundation (w.e.f. July 19, 2018)
BIFCO Private Limited
Deepak Tarachand HUF
DS Speciality Product LLP
Durga Automation & Control Private Limited (w.e.f. March 12, 2019)
Durga Bearings (Mumbai) Private Limited
Jyoti Sanjay Family Trust
Kalinga Agencies
Kalinga Mercantile Private Limited
Kalinga Extrusions India Private Limited
Khushi Buildhome Private Limited
Manmohan Parnami HUF
MYS Holdings Private Limited
Namokar Mining Industries LLP
Sanjay and Jyoti Agarwal Foundation
Shivgyan Mines and Minerals Private Limited
Shree Dham Mining Industries LLP
Speciality Stones Private Limited

Relatives of KMP

Ms. Jyoti Agarwal
Mr. Chirinjee Lal Agarwal
Ms. Shakuntala Agarwal
Mr. Yuvraj Agarwal
Ms. Mallika Agarwal
Mr. Ajay Agarwal
Ms. Pinki Agarwal
Ms. Pooja Tibrewal
Mr. Devi Prasad Tibrewal
Ms. Geeta Devi Tibrewal
Mr. Vaibhav Tibrewal
Mr. Subhash Tibrewal
Ms. Manju Agarwal
Ms. Uma Bagaria
Ms. Suman Sultania
Ms. Shweta Jain
Ms. Santosh Jain
Mr. Devansh Jain
Ms. Khushi Jain
Ms. Kavita Goyal
Ms. Sunita Agrawal
Ms. Anita Agarwal

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

3 Related Party Disclosures: (contd.)

Relatives of KMP	
	Ms. Bhawna Parnami
	Ms. Rajkumari Sukhija
	Ms. Asmita Parnami
	Ms. Jaisvi Parnami
	Mr. Mahinder Parnami
	Ms. Kavita Sukhija
	Ms. Shikha Taneja

B. The Bank's related parties balances and transactions for the year ended are summarised as follows:

1. Deposits

Particular	As at March 31, 2020		As at March 31, 2019	
	Closing balance	Highest balance during the year	Closing balance	Highest balance during the year
	Key Management Personnel (KMP)	6.62	24.66	3.26
Relatives of KMP	26.62	46.38	11.06	25.97
Enterprise over which KMP/Relative of KMP have control/ significant influence	2.52	22.89	0.38	7.48

2. Interest Paid on Deposits

Particular	Year ended March 31, 2020		Year ended March 31, 2019	
	Key Management Personnel (KMP)	0.40		0.27
Relatives of KMP	1.19		0.63	
Enterprise over which KMP/ Relative of KMP have control/ significant influence	0.02		0.00	

Income including miscellaneous charges received from all the related parties are less than ₹ 1,00,000/- hence not shown separately.

3. Remuneration

Particular	Year ended March 31, 2020		Year ended March 31, 2019	
	Mr. Sanjay Agarwal, Managing Director and CEO	2.31		1.69
Mr. Uttam Tibrewal, Executive Director	3.43		1.47	
Mr. Deepak Jain, Chief Financial Officer	1.65		1.61	
Mr. Manmohan Parnami, Company Secretary	0.48		0.47	
Total	7.87		5.24	

1. Remuneration paid excludes value of employee stock options exercised during the year.
2. The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Bank as a whole.

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

3 Related Party Disclosures: (contd.)

4. Loans given and repayment

There is no loan related transaction with the related parties during the year (previous year: Nil).

5. Other transaction

Name of related party	Nature of transactions	(₹ in crore)	
		Year ended March 31, 2020	Year ended March 31, 2019
Mr. Uttam Tibrewal	Issue of Equity Shares of the Bank	-	2.57
Mr. Deepak Jain	Issue of Equity Shares of the Bank	6.64	0.15
Mr. Manmohan Parnami	Issue of Equity Shares of the Bank	0.02	0.02
Key Management Personnel (KMP)	Dividend Paid	4.61	2.95
Relatives of KMP	Dividend Paid	2.32	1.55
Enterprises over which KMP/relatives of KMP have control/significant influence	Dividend Paid	0.73	0.52
AU Bank Employees Group Gratuity Trust	Contribution to Fund	3.30	11.75
AU Foundation	Donation	4.05	0.77

4 Leases

The Bank has taken various premises under operating lease. The future minimum lease payments are given below:

Particulars	(₹ in crore)	
	March 31, 2020	March 31, 2019
Not later than one year	70.73	53.36
Later than one year and not later than five years	263.90	215.29
Later than five years	89.78	97.66
Total	424.41	366.31
The total of minimum lease payments recognised in the Profit and Loss Account for the year	67.59	60.01
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	-	-
Sub-lease amounts recognised in the Profit and Loss Account for the year	-	-
Contingent (usage based) lease payments recognised in the Profit and Loss Account for the year	-	-

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

5 Earnings per equity share (AS 20)

Particulars	(₹ in crore)	
	March 31, 2020	March 31, 2019
Profit/(loss) after tax (A)	674.78	381.81
Less: Exceptional item	-	-
Net profit excluding exceptional item (B)	674.78	381.81
Weighted average number of equity shares in calculating basic EPS (C)	29,61,61,899	29,01,57,123
Add: Effect of dilution – Stock option granted to employees	61,75,606	57,92,321
Weighted average number of equity shares in calculating diluted EPS (D)	30,23,37,505	29,59,49,444
Earning per share including exceptional item		
Basic (In ₹) (A/C)	22.78	13.16
Diluted (In ₹) (A/D)	22.32	12.90
Nominal value per share (In ₹)	10.00	10.00
Earning per share excluding exceptional item		
Basic (In ₹) (B/C)	22.78	13.16
Diluted (In ₹) (B/D)	22.32	12.90
Nominal value per share (In ₹)	10.00	10.00

The dilutive impact is due to options granted to employees and convertible warrants issued by the Bank.

6. Deferred taxes

Other assets include deferred tax asset (net). The break-up of the same is as follows:

Particulars of Asset/(Liability)	(₹ in crore)	
	March 31, 2020	March 31, 2019
Provision for NPA and general provision on standard assets	69.86	39.53
Expenditure allowed on payment basis	8.60	5.33
Depreciation	(10.79)	(17.68)
Deduction u/s. 36(1)(viii) of the Income Tax Act, 1961	(31.54)	(20.37)
Others	4.54	4.14
Net Deferred Tax Asset	40.67	10.95

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SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

7 Accounting for employee share based payments

Stock options

The Bank has provided various share-based payment schemes to its Directors and Employees. The plans in operation are Plan A, Plan B, Plan C and Plan D. The numerical A1, A2, A3, B1, B2, B3, B4, B5, B6, C1, C2, C3, C4, C5, C6, C7, C8, C9, D1, D2, D3, D4, D5, D6, D7 and D8 represents different grants made under these plans. During the year ended March 31, 2020, the following series were in operation:

Particulars	Plan A1	Plan A2	Plan A3	Plan B1	Plan B2	Plan B3	Plan B4	Plan B5	Plan B6	Plan C1	Plan C2	Plan C3	Plan C4
	Date of grant	Date of grant	Date of grant	Date of grant	Date of grant	Date of grant	Date of grant	Date of grant	Date of grant	Date of grant	Date of grant	Date of grant	Date of grant
Date of grant	Aug 31, 2015	Aug 23, 2016	Oct 27, 2017	Aug 31, 2015	Aug 23, 2016	Nov 11, 2016	Jan 24, 2017	Oct 27, 2017	Aug 6, 2018	Nov 11, 2016	Jan 24, 2017	Feb 22, 2017	May 13, 2017
Date of Board/Compensation Committee approval	Aug 10, 2015	Aug 23, 2016	Oct 27, 2017	Aug 10, 2015	Aug 23, 2016	Nov 11, 2016	Jan 24, 2017	Oct 27, 2017	Aug 6, 2018	Nov 11, 2016	Jan 24, 2017	Feb 22, 2017	May 13, 2017
Number of Options granted	33,38,436	4,18,512	3,61,000	28,62,846	10,92,654	36,000	30,000	42,510	1,146	11,700	1,85,900	70,700	4,99,800
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Graded vesting period:													
1st vesting "12 months from the date of grant or on the date of proposed initial public offer of Bank's equity shares whichever is later"	20%	20%	20%	20%	20%	20%	20%	20%	20%	NA	NA	NA	NA
1st vesting "12 months from the date of grant or one year from the date of proposed initial public offer of Bank's equity shares which ever is later"	NA	NA	NA	NA	NA	NA	NA	NA	NA	20%	20%	20%	20%
1st vesting "12 months from the date of grant	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2nd vesting "On expiry of one year from the 1st vesting date"	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
3rd vesting "On expiry of two years from the 1st vesting date"	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
4th vesting "On expiry of 3 years from the 1st vesting date"	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Exercise period													
Vesting conditions													
Weighted average remaining contractual life (years)	1.28	1.40	2.58	1.28	1.40	1.62	1.82	2.58	3.35	4.28	4.28	4.28	4.28
Weighted average exercise price per option (₹)	10.11	10.11	10.11	33.37	33.37	33.37	33.37	33.37	33.37	140.00	140.00	140.00	140.00

Schedules

forming part of the Financial Statements for the year ended March 31, 2020

SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

7 Accounting for employee share based payments (contd.)

Particulars	Plan C5	Plan C6	Plan C7	Plan C8	Plan C9	Plan D1	Plan D2	Plan D3	Plan D4	Plan D5	Plan D6	Plan D7	Plan D8
Date of grant	Jan 30, 2018	Apr 25, 2018	Aug 6, 2018	Aug 30, 2018	Oct 13, 2018	Aug 30, 2018	Nov 22, 2018	Jan 17, 2019	Apr 22, 2019	Jun 17, 2019	Jul 25, 2019	Oct 21, 2019	Jan 22, 2020
Date of Board/ Compensation Committee approval	Jan 30, 2018	Apr 25, 2018	Aug 6, 2018	Aug 30, 2018	Oct 13, 2018	Aug 30, 2018	Nov 22, 2018	Jan 17, 2019	Apr 22, 2019	Jun 17, 2019	Jul 25, 2019	Oct 21, 2019	Jan 22, 2020
Number of Options granted	10,53,901	2,919	5,480	27,600	50,865	18,56,950	1,54,541	2,437	2,500	10,00,000	16,05,415	40,276	54,000
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Graded vesting period:													
1st vesting "12 months from the date of grant or on the date of proposed initial public offer of Bank's equity shares whichever is later"	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1st vesting "12 months from the date of grant or one year from the date of proposed initial public offer of Bank's equity shares which ever is later"	20%	20%	20%	20%	20%	NA	NA	NA	NA	NA	NA	NA	NA
1st vesting "12 months from the date of grant	NA	NA	NA	NA	NA	20%	20%	20%	20%	20%	20%	20%	20%
2nd vesting "On expiry of one year from the 1st vesting date"	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
3rd vesting "On expiry of two years from the 1st vesting date"	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
4th vesting "On expiry of 3 years from the 1st vesting date"	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Exercise period	6 years from the 1st vesting date												
Vesting conditions	Continuous service												
Weighted average remaining contractual life (years)	4.84	5.07	5.35	5.42	5.54	5.42	5.65	5.80	6.06	6.22	6.32	6.56	6.82
Weighted average exercise price per option (₹)	140.00	140.00	140.00	140.00	140.00	664.00	643.00	622.00	589.00	664.00	630.00	668.00	724.00

Schedules

forming part of the Financial Statements for the year ended March 31, 2020

SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

7 Accounting for employee share based payments (contd.)

Particulars	March 31, 2020												
	Plan A1	Plan A2	Plan A3	Plan B1	Plan B2	Plan B3	Plan B4	Plan B5	Plan B6	Plan C1	Plan C2	Plan C3	Plan C4
Options outstanding at the beginning of the year	14,95,591	2,09,256	3,10,400	13,90,652	4,49,495	18,000	24,000	40,008	1,146	5,040	1,06,160	36,160	64,400
Granted during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Expired during the year	(5,29,440)	-	(68,400)	(2,97,407)	(3,52,031)	-	-	(3,753)	-	(1,080)	(25,490)	(9,420)	(20,730)
Expired during the year	(5,979)	-	-	(3,316)	(5,298)	(18,000)	-	-	-	(2,160)	(16,140)	(13,140)	(11,460)
Outstanding at the end of the year	9,60,172	2,09,256	2,42,000	10,89,929	92,166	-	24,000	36,255	1,146	1,800	64,530	13,600	32,210
Exercisable at the end of the year	9,60,172	2,09,256	61,500	10,89,929	92,166	-	24,000	15,000	229	-	11,780	-	810

Particulars	March 31, 2020												
	Plan C5	Plan C6	Plan C7	Plan C8	Plan C9	Plan D1	Plan D2	Plan D3	Plan D4	Plan D5	Plan D6	Plan D7	Plan D8
Options outstanding at the beginning of the year	8,09,336	1,419	3,980	27,600	50,865	18,17,392	1,47,119	2,437	-	-	-	-	-
Granted during the year	-	-	-	-	-	-	-	-	2,500	10,00,000	16,05,415	40,276	54,000
Forfeited during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Expired during the year	(1,19,104)	(284)	(796)	(640)	-	(2,23,737)	(9,165)	-	-	-	-	-	-
Expired during the year	(47,179)	-	-	-	(40,000)	(57,824)	(24,608)	-	-	-	(66,549)	(4,000)	-
Outstanding at the end of the year	6,43,053	1,135	3,184	26,960	10,865	15,35,831	1,13,346	2,437	2,500	10,00,000	15,38,866	36,276	54,000
Exercisable at the end of the year	1,24,174	-	-	4,880	2,173	1,28,321	15,299	487	-	-	-	-	-

Particulars	March 31, 2019								
	Plan A1	Plan A2	Plan A3	Plan B1	Plan B2	Plan B3	Plan B4	Plan B5	Plan B6
Options outstanding at the beginning of the year	24,12,210	3,34,810	3,61,000	22,39,418	7,21,813	28,800	24,000	42,510	-
Granted during the year	-	-	-	-	-	-	-	-	1,146
Forfeited during the year	-	-	-	-	-	-	-	-	-
Expired during the year	(8,86,587)	(1,25,554)	(50,600)	(8,27,946)	(2,49,466)	(10,800)	-	(2,502)	-
Expired during the year	(30,032)	-	-	(20,820)	(22,852)	-	-	-	-
Outstanding at the end of the year	14,95,591	2,09,256	3,10,400	13,90,652	4,49,495	18,000	24,000	40,008	1,146
Exercisable at the end of the year	12,265	-	21,600	6,649	15,581	-	9,000	6,000	-

Schedules

forming part of the Financial Statements for the year ended March 31, 2020

SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

7 Accounting for employee share based payments (contd.)

Particulars	March 31, 2019											
	Plan C1	Plan C2	Plan C3	Plan C4	Plan C5	Plan C6	Plan C7	Plan C8	Plan C9	Plan D1	Plan D2	Plan D3
Options outstanding at the beginning of the year	9,000	1,70,000	66,200	1,04,200	10,37,921	-	-	-	-	-	-	-
Granted during the year	-	-	-	-	-	2,919	5,480	27,600	50,865	18,56,950	1,54,541	2,437
Forfeited during the year	-	-	-	-	-	-	-	-	-	-	-	-
Exercised during the year	(1,800)	(27,360)	(11,380)	(18,440)	(1,10,990)	-	-	-	-	-	-	-
Expired during the year	(2,160)	(36,480)	(18,660)	(21,360)	(1,17,595)	(1,500)	(1,500)	-	-	(39,558)	(7,422)	-
Outstanding at the end of the year	5,040	1,06,160	36,160	64,400	8,09,336	1,419	3,980	27,600	50,865	18,17,392	1,47,119	2,437
Exercisable at the end of the year	-	4,000	-	1,200	72,942	-	-	-	-	-	-	-

Details of stock options granted during the year:

Plan A, B, C and D: The weighted average fair value of stock options granted during the year was ₹ 282.88 (Plan D4), ₹ 316.69 (plan D5), ₹ 312.65 (plan D6), ₹ 466.35 (plan D7) and ₹ 362.89 (plan D8).

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Plan D4			Plan D5			Plan D6		
	Tranche vesting in FY 2020-21	Tranche vesting in FY 2021-22	Tranche vesting in FY 2022-23	Tranche vesting in FY 2020-21	Tranche vesting in FY 2021-22	Tranche vesting in FY 2022-23	Tranche vesting in FY 2020-21	Tranche vesting in FY 2021-22	Tranche vesting in FY 2022-23
Share price on the date of grant (₹)	616.90	616.90	616.90	705.85	705.85	705.85	632.90	632.90	632.90
Exercise price (₹)	589.00	589.00	589.00	664.00	664.00	664.00	630.00	630.00	630.00
Expected volatility (%)	37.65%	37.65%	37.65%	37.65%	37.65%	37.65%	46.20%	46.20%	46.20%
Life of the options granted (years)	4.00	4.50	5.00	4.00	4.50	5.00	4.00	4.50	5.00
Risk-free interest rate (%)	7.23%	7.23%	7.23%	6.75%	6.75%	6.75%	6.48%	6.48%	6.48%
Expected dividend rate (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%
Fair value of the option (₹)	255.97	272.82	287.37	288.54	305.17	323.12	283.41	301.42	318.72
									333.57

Particulars	Plan D7			Plan D8		
	Tranche vesting in FY 2020-21	Tranche vesting in FY 2021-22	Tranche vesting in FY 2022-23	Tranche vesting in FY 2020-21	Tranche vesting in FY 2021-22	Tranche vesting in FY 2022-23
Share price on the date of grant (₹)	654.40	654.40	654.40	888.35	888.35	888.35
Exercise price (₹)	668.00	668.00	668.00	724.00	724.00	724.00
Expected volatility (%)	89.53%	89.53%	89.53%	33.69%	33.69%	33.69%
Life of the options granted (years)	4.00	4.50	5.00	3.00	2.50	3.00
Risk-free interest rate (%)	6.19%	6.19%	6.19%	6.61%	6.61%	6.61%
Expected dividend rate (%)	0%	0%	0%	0%	0%	0%
Fair value of the option (₹)	435.59	452.82	472.55	354.62	330.21	354.62
						398.46

Schedules

forming part of the Financial Statements for the year ended March 31, 2020

SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

7 Accounting for employee share based payments (contd.)

The Bank measures the cost of ESOP using the intrinsic value method. Had the Bank used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	(₹ in crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Profit after tax as reported	674.78	381.81
Add: ESOP cost using intrinsic value method (net of tax)	17.76	25.11
Less: ESOP cost using fair value method (net of tax)	51.64	36.38
Profit after tax (adjusted)	640.90	370.54
Earnings Per Share		
Basic		
- As reported	22.78	13.16
- Adjusted for ESOP cost using fair value method	21.64	12.77
Diluted		
- As reported	22.32	12.90
- Adjusted for ESOP cost using fair value method	21.20	12.52

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
Stock options outstanding (gross)	104.14	103.75
Deferred compensation cost outstanding	21.52	44.87
Stock options outstanding (net)	82.62	58.88

FY 2019-20

The Bank has granted 10,00,000 stock options on August 30, 2018 under Plan D1 to Whole Time Director however the bank has received RBI approval on June 17, 2019. Vesting period for these options commenced from the RBI approval date and accordingly these options have been considered for the purpose of computing the ESOP cost as per Plan D5.

The Bank has granted 38,702 and 10,18,758 stock options on October 27, 2017 under Plan A3 and Plan B5, respectively, to Whole time Director which were pending for RBI Approval. During the year ended March 31, 2020, the bank has submitted the revised proposal to RBI and the approval of the RBI is pending as at March 31, 2020. Accordingly, these options have not been considered for the purpose of computing the impact of ESOP fair value on profit before tax. The vesting period for these options will commence only after the RBI approval is received.

FY 2018-19

The Bank has granted 10,00,000 stock options on August 30, 2018 under Plan D1 and 38,702 and 10,18,758 stock options on October 27, 2017 under Plan A3 and Plan B5, respectively, to Whole time Director which are pending for RBI Approval. Accordingly, these options have not been considered for the purpose of computing the impact of ESOP fair value on profit before tax. The vesting period for these options will commence only after the RBI approval is received.

Schedules

forming part of the Financial Statements for the year ended March 31, 2020

SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

8 Employee benefits

(a) Defined benefit plans

Gratuity

The gratuity plan provides a lumpsum payment to vested employees at retirement or on termination of employment based on respective employee's salary and years of employment with the Bank considering the ceiling of gratuity amount of ₹ 0.20 crore.

Reconciliation of opening and closing balance of present value of defined benefit obligation for gratuity benefits is given below.

Particulars	(₹ in crore)	
	March 31, 2020	March 31, 2019
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Liability at the beginning of the year	15.15	11.60
Interest cost	1.21	0.90
Current service cost	11.15	5.65
Benefits paid during the year	(0.40)	(0.32)
Actuarial (gain) / loss on obligation	5.96	(2.68)
Experience adjustment	-	-
Assumption change	-	-
Liability at the end of the year	33.07	15.15
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets at the beginning of the year	11.86	0.14
Expected return on plan assets	0.18	0.18
Contributions	3.30	11.86
Benefits paid	(0.40)	(0.32)
Actuarial gain / (loss) on plan assets	0.93	-
Experience adjustment	-	-
Assumption change	-	-
Fair value of plan assets at the end of the year	15.87	11.86
Amount recognised in Balance Sheet		
Fair value of plan assets at the end of the year	15.87	11.86
Liability at the end of the year	(33.07)	(15.15)
Net Asset (included under Schedule 11.VII) / (Liability) (included under Schedule 5.IV)	(17.20)	(3.29)
Expenses recognised in Profit and Loss Account		
Interest cost	1.21	0.90
Current service cost	11.15	5.65
Expected return on plan assets	(0.18)	(0.18)
Net actuarial (gain) / loss recognised in the year	5.03	(2.68)
Net cost	17.21	3.69
Actual return on plan assets	1.11	0.18
Estimated contribution for the next year	17.00	3.00
Assumptions		
Discount rate	6.50% per annum	8.00% per annum
Expected return on plan assets	8.00% per annum	8.00% per annum
Withdrawal rate	1.00% at all ages	1.00% at all ages
Salary escalation rate	7.50% per annum	7.50% per annum

Schedules

forming part of the Financial Statements for the year ended March 31, 2020

SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

8 Employee benefits (contd.)

Experience adjustment

Particulars	Years ended March 31,				
	2020	2019	2018	2017	2016
Plan assets	15.87	11.86	0.14	-	-
Defined benefit obligation	33.07	15.15	11.60	6.99	4.64
Surplus / (deficit)	(17.20)	(3.29)	(11.46)	(6.99)	(4.64)
Experience adjustment gain / (loss) on plan assets	0.93	-	-	-	-
Experience adjustment (gain) / loss on plan liabilities	5.96	(2.68)	(0.52)	0.18	0.11

(₹ in crore)

(b) Defined contribution plans

Provident fund

The Bank makes Provident Fund contributions to a defined contribution retirement benefit plans for qualifying employees. Under the schemes, the bank is required to contribute a specified percentage of the payroll costs to the Provident Fund Commissioner to fund the benefits.

The Bank recognised ₹ 24.96 crore (previous year: ₹ 14.36 crore) for provident fund contributions in the Profit and Loss Account. The contributions payable to these plans by the Bank are at rates specified in the rules of the schemes.

(c) Compensated absences

The Bank has provided for compensatory leaves which can be availed and not encashed as per policy of the Bank as present value obligation of the benefit at related current service cost measured using the Projected Unit Credit Method on the basis of an actuarial valuation. The Bank has accordingly booked ₹ 5.00 crore (previous year: ₹ 4.49 crore) in the books of account for the period.

9 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

As per our attached Report of even date.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per **Sarvesh Warty**
Partner
Membership No. 121411
Place: Mumbai

Date: May 02, 2020

For and on behalf of the Board of Directors
AU Small Finance Bank Limited

Raj Vikash Verma
(Non-Executive Independent
Part Time Chairman)
Place: New Delhi

Uttam Tibrewal
(Whole Time Director)
Place: Mumbai

Manmohan Parnami
(Company Secretary)
Place: Jaipur

Sanjay Agarwal
(Managing Director and CEO)
Place: Jaipur

Vimal Jain
(Chief Financial Officer)
Place: Jaipur

Basel II (Pillar 3) Disclosures

As at 31st March 2020

RBI circular DBR.No.BP.BC.4/21.06.001/2015-16 dated 1st July, 2015 on 'Prudential guideline on Capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF)' requires banks to make applicable Pillar 3 disclosures. These disclosures have not been subjected to audit or limited review. These disclosures are available on the Bank's website at: <https://www.aubank.in/reports/regulatory-disclosures>