DRAFT RED HERRING PROSPECTUS
Dated: October 30, 2021
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
Please read Section 32 of the Companies Act, 2013
Book Built Offer

CAPITAL SMALL FINANCE BANK LIMITED

Our Bank was incorporated as '*Capital Local Area Bank Limited*' on May 31, 1999 at Phagwara district Kapurthala, Punjab, as a public limited company under the Companies Act, 1956, and was granted a certificate of incorporation by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. The name of our Bank was subsequently changed to '*Capital Small Finance Bank Limited*' pursuant to a shareholders' resolution dated April 2, 2016, to reflect the change in status of our Bank from a local area bank to a small finance bank pursuant to the Reserve Bank of India approval dated March 4, 2016, and a fresh certificate of incorporation was granted by the Registrar of Companies, Punjab and Chandigarh at Chandigarh ("**RoC**") on April 15, 2016. Our Bank commenced its business pursuant to a certificate of commencement of business issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh dated August 12, 1999. For further details, see "*History and Certain Corporate Matters*" on page 177.

Registered and Corporate Office: MIDAS Corporate Park, 3rd Floor, 37, G.T. Road, Jalandhar 144 001, Punjab, India
Tel: +91 181 5051111/2222; **Website**: www.capitalbank.co.in; **Contact Person**: Amit Sharma, Company Secretary and Compliance Officer; **E-mail**: cs@capitalbank.co.in;
Corporate Identity Number: U65110PB1999PLC022634

OUR PROMOTERS: SARVJIT SINGH SAMRA, AMARJIT SINGH SAMRA, NAVNEET KAUR SAMRA, SURINDER KAUR SAMRA AND DINESH GUPTA

INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF CAPITAL SMALL FINANCE BANK LIMITED ("BANK" OR "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹[●] MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 4,500.00 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 3,840,087 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION (THE "OFFER FOR SALE"), COMPRISING UP TO 337,396 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY PI VENTURES LLP ("PI VENTURES"), UP TO 604,614 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY AMICUS CAPITAL PRIVATE EQUITY I LLP ("ACPE"), UP TO 70,178 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY AMICUS CAPITAL PARTNERS INDIA FUND I ("ACPIF" AND TOGETHER WITH ACPE, "AMICUS") AND UP TO 836,728 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY OMAN INDIA JOINT INVESTMENT FUND II ("OIJIF II", AND TOGETHER WITH PI VENTURES, ACPE, ACPIF AND OIJIF II, THE "INVESTOR SELLING SHAREHOLDERS"), AND UP TO 1,991,171 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY CERTAIN PERSONS LISTED IN THIS DRAFT RED HERRING PROSPECTUS (THE "OTHER SELLING SHAREHOLDERS", AS DEFINED BELOW) (THE INVESTOR SELLING SHAREHOLDERS AND THE OTHER SELLING SHAREHOLDERS, COLLECTIVELY, THE "SELLING SHAREHOLDERS", AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES"). THIS OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION (CONSTITUTING UP TO [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR BANK) FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WILL CONSTITUTE AT LEAST [●]% AND [●]% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL, RESPECTIVELY.

OUR BANK MAY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMS"), CONSIDER A PRIVATE PLACEMENT OF UP TO SUCH NUMBER OF EQUITY SHARES FOR CASH CONSIDERATION AGGREGATING UP TO ₹ 900.00 MILLION, PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC ("PRE-IPO PLACEMENT"). THE PRE-IPO PLACEMENT, IF UNDERTAKEN, WILL BE AT A PRICE TO BE DECIDED BY OUR BANK IN CONSULTATION WITH THE BRLMS. IF THE PRE-IPO PLACEMENT IS UNDERTAKEN, THE MINIMUM OFFER SIZE (COMPRISING THE FRESH ISSUE SO REDUCED BY THE AMOUNT RAISED FROM THE PRE-IPO PLACEMENT, AND THE OFFER FOR SALE) SHALL CONSTITUTE AT LEAST [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR BANK.

THE FACE VALUE OF EQUITY SHARES IS ₹10 EACH. THE PRICE BAND AND THE MINIMUM BID LOT SHALL BE DECIDED BY OUR BANK, IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN ALL EDITIONS OF [●], AN ENGLISH NATIONAL DAILY NEWSPAPER, ALL EDITIONS OF [●], A HINDI NATIONAL DAILY NEWSPAPER AND [●] EDITION OF [●], A PUNJABI DAILY NEWSPAPER WITH WIDE CIRCULATION (PUNJABI BEING THE REGIONAL LANGUAGE OF PUNJAB, WHERE OUR REGISTERED AND CORPORATE OFFICE IS LOCATED) AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS").

In case of any revision in the Price Band, the Bid/ Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Bank may, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to Designated Intermediaries and the Sponsor Bank, as applicable.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") ("**QIB Portion**"), provided that our Bank may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("**Anchor Investor Portion**"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders ("**RIBs**") in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process providing details of their respective ASBA accounts, and UPI ID in case of RIBs, if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or under the UPI Mechanism, as applicable, to participate in the Offer. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see "*Offer Procedure*" on page 361.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of our Bank, there has been no formal market for the Equity Shares of our Bank. The face value of the Equity Shares is ₹10. The Floor Price, Cap Price and the Offer Price, as determined and justified by our Bank, in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations, as stated under "*Basis for Offer Price*" on page 104 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Bank and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 24.

ISSUER'S AND THE SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Bank, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Bank and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
Each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms only such statements specifically made or confirmed by such Selling Shareholders in this Draft Red Herring Prospectus to the extent of information specifically pertaining to itself and its respective portion of the Offered Shares in the Offer for Sale and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Bank has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered to the RoC in accordance with Sections 26(4) and 32 of the Companies Act 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 385.

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE OFFER
Edelweiss Financial Services Limited 6h Floor, Edelweiss House Off C.S.T Road, Kalina Mumbai 400 098 Maharashtra, India **Tel:** +91 22 4009 4400 **E-mail:** capitalsfb.ipo@edelweissfin.com **Website**: www.edelweissfin.com **Investor Grievance ID:** customerservice.mb@edelweissfin.com **Contact Person:** Dhruv Bhavsar **SEBI Registration Number**: INM0000010650	**Axis Capital Limited** Axis House, 1st floor C-2 Wadia International Centre P.B. Marg, Worli Mumbai 400 025 Maharashtra, India **Tel**: +91 22 4325 2183 **E-mail**: capitalsfb.ipo@axiscap.in **Website**: www.axiscapital.co.in **Investor Grievance ID:** complaints@axiscap.in **Contact Person**: Ankit Bhatia **SEBI Registration Number**: INM000012029	**SBI Capital Markets Limited*** 202, Market Tower 'E' Cuffe Parade, Mumbai 400 005 Maharashtra, India **Tel:** +91 22 2217 8300 **E-mail:** capitalsfb.ipo@sbicaps.com **Website:** www.sbicaps.com **Investor Grievance E-mail:** investor.relations@sbicaps.com **Contact Person:** Aditya Deshpande **SEBI Registration No.:** INM000003531	**Link Intime India Private Limited** C-101, 1st Floor 247 Park Lal Bahadur Shastri Marg Vikhroli (West) Mumbai 400 083 Maharashtra, India **Tel:** +91 22 4918 6200 **E-mail**: capitalsfb.ipo@linkintime.co.in **Website**: www.linkintime.co.in **Investor Grievance ID:** capitalsfb.ipo@linkintime.co.in **Contact Person:** Shanti Gopalkrishnan **SEBI Registration Number:** INR000004058

BID/ OFFER SCHEDULE

BID/ OFFER OPENS ON	[●](1)	**BID/ OFFER CLOSES ON**	[●](2)

** OIJIF II is proposing to participate as a Selling Shareholder in the Offer for Sale. SBICAP has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. OIJIF II and SBICAP are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.*

(1) *Our Bank may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid shall be one Working Day prior to the Bid/ Offer Opening Date.*

(2) *Our Bank may, in consultation with the BRLMs, consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.*

(This page is intentionally left blank)

TABLE OF CONTENTS

SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation s, rules, guidelines or policies shall be to such legislation, act, regulations, rules, guidelines or policies as amended, supplemented or re-enacted from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time under th at provision.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder, as applicable. Notwithstanding the foregoing, the terms used in "Industry Overview", "Key Regulations and Policies", "Statement of Special Tax Benefits", "Financial Statements", "Basis for Offer Price", "History and Certain Corporate Matters", "Selected Statistical Information", "Financial Indebtedness", "Outstanding Litigation and Material Developments", "Other Regulatory and Statutory Disclosures", and "Description of Equity Shares and Terms of Articles of Association" on pages 112, 162, 107, 225, 104, 177, 208, 327, 329, 338 and 379 respectively shall have the meaning ascribed to them in the relevant section.

General Terms

Term	Description
"our Bank", "the Bank", "the Issuer", "we", "us" or "our"	Capital Small Finance Bank Limited, a company incorporated under the Companies Act, 1956 and registered as a small finance bank with the RBI, having its Registered and Corporate Office at MIDAS Corporate Park, 3rd Floor, 37, G.T. Road, Jalandhar 144 001, Punjab, India

Bank and Selling Shareholders Related Terms

Term	Description
ACPE	Amicus Capital Private Equity I LLP
ACPIF	Amicus Capital Partners India Fund I
Amicus	Amicus Capital Private Equity I LLP and Amicus Capital Partners India Fund I
"Articles of Association" or "AoA"	Articles of association of our Bank, as amended
Audit Committee	Audit committee of the Board of our Bank, constituted in accordance with the applicable provisions of the Companies Act, 2013, the Listing Regulations, guidelines issued by the RBI from time to time, and as described in "*Our Management*" on page 184
"Auditors" or "Statutory Auditors"	M/s T R Chadha & Co. LLP, Chartered Accountants, the current statutory auditors of our Bank
"Board" or "Board of Directors"	Board of directors of our Bank
CFO or Chief Financial Officer	Chief Financial Officer and Chief Operating Officer of our Bank, being Munish Jain. For details, see "*Our Management*" on page 184
Company Secretary and Compliance Officer	Company Secretary and Compliance Officer of our Bank, being Amit Sharma. For details, see "*Our Management*" on page 184
Corporate Social Responsibility Committee	Corporate social responsibility committee of the Board of our Bank constituted in accordance with the applicable provisions of the Companies Act, 2013 and as described in "*Our Management*" on page 184
CRISIL	CRISIL Limited
CRISIL Research Report	Report titled "*Report on Small Finance Banks and various loan products*" dated September 2021, issued by CRISIL which was appointed by our Bank pursuant to an engagement letter dated August 16, 2021
Director(s)	The directors on the Board of our Bank
Equity Shares	Equity shares of face value of ₹10 each of our Bank
ESOP 2018	CSFB Limited – Employee Stock Option Plan 2018
ESOP MRT	CSFB Limited – Employees Stock Option Plan for Material Risk Takers
IPO Committee	The IPO committee of the Board of our Bank as described in "*Our Management*" on page 184
"Key Managerial Personnel" or "KMP"	Key managerial personnel of our Bank in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations as described in "*Our Management*" on page 184
Managing Director and Chief Executive Officer	Sarvjit Singh Samra

Term	Description
"Memorandum of Association" or "MoA"	Memorandum of association of our Bank, as amended
Nomination, Remuneration and Compensation Committee	Nomination, remuneration and compensation committee of the Board of our Bank, constituted in accordance with the applicable provisions of the Companies Act, 2013, the Listing Regulations and guidelines issued by the RBI from time to time and as described in "*Our Management*" on page 184
Independent Directors	Independent directors on the Board, as described in "*Our Management*" on page 184
OIJIF II	Oman India Joint Investment Fund II
Part-Time Chairman / Chairman	Madan Gopal Sharma
PI Ventures	PI Ventures LLP
Promoter Group	Persons and entities constituting the promoter group of our Bank in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in "*Our Promoters and Promoter Group*" on page 202
Promoters	The promoters of our Bank, namely Sarvjit Singh Samra, Amarjit Singh Samra, Navneet Kaur Samra, Surinder Kaur Samra and Dinesh Gupta
RBI Final Approval	RBI letter dated March 4, 2016, pursuant to which the RBI granted license no. MUM:116 to our Bank to carry on the SFB business in terms of Section 22 of the Banking Regulation Act
RBI In-Principle Approval	RBI letter dated October 7, 2015, pursuant to which the RBI granted our Bank in-principle approval to convert into a small finance bank under Section 22 of the Banking Regulation Act
Registered and Corporate Office	MIDAS Corporate Park, 3rd Floor, 37, G.T. Road, Jalandhar 144 001, Punjab, India
"Registrar of Companies" or "RoC"	Registrar of Companies, Punjab and Chandigarh at Chandigarh
Restated Financial Information	The restated financial information of our Bank comprising of the restated statement of assets and liabilities as at June 30, 2021, June 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019, the restated profit and loss account and restated statement of cash flows for the three months periods ended June 30, 2021, June 30, 2020 and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and the summary statement of significant accounting policies, and other explanatory information prepared by our Bank in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and the Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time
SHA	Shareholders' agreement dated November 7, 2019 executed among our Bank, PI Ventures, SIDBI, ACPE, ACPIF, OIJIF II, Sarvjit Singh Samra, Brig. Swaran Singh Saini (Retd.), Tanveer Singh Dhillon, Dinesh Gupta, Bhagwant Singh Sangha, Parkash Kaur Pooni, Amarjit Singh Samra, Santokh Singh Chhokar, Navneet Kaur Samra, Surinder Kaur Samra, Kuljit Singh Hayer, Amarpreet Kaur, Gursharan Kaur Dhillon, Randeep Singh Dhillon and Dinesh Gupta HUF
SHA Amendment Agreement	Waiver cum amendment agreement dated September 30, 2021 executed among the SHA Parties
SHA Parties	Our Bank, PI Ventures, SIDBI, ACPE, ACPIF, OIJIF II, Sarvjit Singh Samra, Brig. Swaran Singh Saini (Retd.), Tanveer Singh Dhillon, Dinesh Gupta, Bhagwant Singh Sangha, Parkash Kaur Pooni, Amarjit Singh Samra, Santokh Singh Chhokar, Navneet Kaur Samra, Surinder Kaur Samra, Kuljit Singh Hayer, Amarpreet Kaur, Gursharan Kaur Dhillon, Randeep Singh Dhillon and Dinesh Gupta HUF
Shareholders	Holders of Equity Shares of our Bank from time to time
SIDBI	Small Industries Development Bank of India
Stakeholders' Relationship Committee	Stakeholders' relationship committee of the Board of our Bank, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations and as described in "*Our Management*" on page 184

Offer Related Terms

Term	Description
Abridged Prospectus	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by the SEBI in this behalf
Acknowledgement Slip	The slip or document issued by a Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
"Allot" or "Allotment" or "Allotted"	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of Offered Shares pursuant to the Offer for Sale to the successful Bidders

Term	Description
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹100 million. For further details, see "*Offer Procedure*" on page 361
Anchor Investor Allocation Price	Price at which Equity Shares will be allocated to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Bank, in consultation with the BRLMs, during the Anchor Investor Bid/Offer Period
Anchor Investor Application Form	Application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Bid/Offer Period	The day being one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Offer Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Bank, in consultation with the BRLMs
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Bank, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations
"Application Supported by Blocked Amount" or "ASBA"	Application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorizing an SCSB to block the Bid Amount in the ASBA Account and will include applications made by RIBs using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism
ASBA Account	Bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of an RIB which is blocked upon acceptance of a UPI Mandate Request made by the RIBs using the UPI Mechanism
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder(s)	All Bidders except Anchor Investors
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders to submit Bids, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Axis	Axis Capital Limited
Bankers to the Offer	Collectively, Escrow Collection Bank(s), Public Offer Account Bank(s), Sponsor Bank(s) and Refund Bank(s), as the case may be
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "*Offer Structure*" beginning on page 356
Bid	Indication to make an offer during the Bid/ Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/ Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term "Bidding" shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid. Eligible Employees applying in the Employee Reservation Portion can apply at the Cut-Off Price and the Bid Amount shall be the Cap Price multiplied by the number of Equity Shares Bid for such Eligible Employee and mentioned in the Bid cum Application Form. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000. Only in the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000

Term	Description
Bid cum Application Form	Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in all editions of [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Punjabi daily newspaper with wide circulation (Punjabi being the regional language of Punjab, where our Registered and Corporate Office is located), each with wide circulation, and in case of any such extension, the extended Bid/Offer Closing Date shall also be notified on the website and terminals of the Members of the Syndicate and communicated to the intermediaries Designated Intermediaries and the Sponsor Bank, as required under the SEBI ICDR Regulations. Our Bank, in consultation with the BRLMs may, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. In case of any revision, the extended Bid/ Offer Closing Date shall be widely disseminated by notification to the Stock Exchanges, and also be notified on the websites of the BRLMs and at the terminals of the Syndicate Members, which shall also be notified in an advertisement in same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified all editions of [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Punjabi daily newspaper with wide circulation (Punjabi being the regional language of Punjab, where our Registered and Corporate Office is located), each with wide circulation
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations. Provided that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors Our Bank may, in consultation with the BRLMs, consider closing the Bid/ Offer Period for the QIB Portion one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
"Book Running Lead Managers" or "BRLMs"	The book running lead managers to the Offer, namely, Edelweiss Financial Services Limited, Axis Capital Limited and SBI Capital Markets Limited* ** OIJIF II is proposing to participate as a Selling Shareholder in the Offer for Sale. SBICAP has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. OIJIF II and SBICAP are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.*
Broker Centres	Centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
"CAN" or Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on or after the Anchor Investor Bid/ Offer Period
Cap Price	Higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
Cash Escrow and Sponsor Bank Agreement	Agreement to be entered amongst our Bank, the Selling Shareholders, the BRLMs, Syndicate Members, the Registrar to the Offer, the Sponsor Bank, the Escrow Collection Bank, the Public Offer Bank and the Refund Bank in respect of for collection of the Bid Amounts and where applicable, remitting refunds (if any) on the terms and conditions thereof and the appointment of Sponsor Bank in accordance with the UPI Circulars
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no.

Term	Description
	CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of the Stock Exchanges
Cut-off Price	Offer Price, finalised by our Bank, in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Bidders Bidding in the Retail Portion and Eligible Employees Bidding in the Employee Reservation Portion are entitled to Bid at the Cut-off Price. QIBs (including the Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Demographic Details	The demographic details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation, bank account details and UPI ID, wherever applicable
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of RIBs using UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or are unblocked, as the case may be, after finalisation of the Basis of Allotment in terms of the Red Herring Prospectus following which Equity Shares will be Allotted in the Offer
Designated Intermediary(ies)	In relation to ASBA Forms submitted by RIBs by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-Syndicate/agents, Registered Brokers, CDPs and RTAs. In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	[●]
"Draft Red Herring Prospectus" or "DRHP"	This draft red herring prospectus dated October 30, 2021 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto
Edelweiss	Edelweiss Financial Services Limited
Eligible Employee(s)	All or any of the following: (a) a permanent employee of our Bank (excluding such employees who are not eligible to invest in the Offer under applicable laws) as of the date of filing of the Red Herring Prospectus with the RoC and who continues to be a permanent employee of our Bank, until the submission of the Bid cum Application Form; and (b) a Director of our Bank, whether whole time or not, who is eligible to apply under the Employee Reservation Portion under applicable law as on the date of filing of the Red Herring Prospectus with the RoC and who continues to be a Director of our Bank, until the submission of the Bid cum Application Form, but not including (i) Promoters; (ii) persons belonging to our Promoter Group; or (iii) Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding Equity Shares of our Bank. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000. Only in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000
Eligible FPIs	FPIs from such jurisdictions outside India where it is not unlawful to make an offer / invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitute an invitation to subscribe to the Equity Shares
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an Offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares

Term	Description
Employee Reservation Portion	The portion of the Offer being up to [●] Equity Shares, aggregating up to ₹[●] million available for allocation to Eligible Employees, on a proportionate basis. Such portion shall not exceed 5% of the post-Offer Equity Share capital of our Bank
Escrow Account	Accounts to be opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors will transfer money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank(s)	Bank(s) which are a clearing members and registered with SEBI as banker(s) to an offer under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and with whom the Escrow Account in relation to the Offer for Bids by Anchor Investors, will be opened, in this case being [●]
First or sole Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	Lower end of the Price Band, subject to any revision(s) thereto, not being less than the face value of Equity Shares, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
Fresh Issue	Fresh issue of up to [●] Equity Shares aggregating up to ₹4,500.00 million by our Bank Our Bank may, in consultation with the BRLMs, consider a private placement of up to [●] Equity Shares for cash consideration aggregating up to ₹ 900.00 million, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Bank in consultation with the BRLMs. If the Pre-IPO Placement is undertaken, the minimum Offer size (comprising the Fresh Issue so reduced by the amount raised from the Pre-IPO Placement, and the Offer for Sale) shall constitute at least [●]% of the post-Offer paid-up Equity Share capital of our Bank
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020, the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs
Investor Selling Shareholders	PI Ventures, ACPE, ACPIF and OIJIF II
Maximum RIB Allottees	Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price
Mutual Fund Portion	5% of the Net QIB Portion, or [●] Equity Shares which shall be available for allocation to Mutual Funds only, subject to valid Bids being received at or above the Offer Price
NBFC	Non-banking financial company
Net Offer	The Offer less the Employee Reservation Portion
Net Proceeds	Proceeds of the Fresh Issue less our Bank's share of the Offer expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see "*Objects of the Offer*" on page 101
Net QIB Portion	The QIB Portion less the number of Equity Shares allocated to the Anchor Investors
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	Portion of the Offer being not less than 15% of the Offer consisting of [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price
Non-Resident	Person resident outside India, as defined under FEMA
Offer	The initial public offer of Equity Shares comprising the Fresh Issue and the Offer for Sale. The Offer comprises the Net Offer and Employee Reservation Portion. Our Bank may, in consultation with the BRLMs, consider a private placement of up to such number of Equity Shares for cash consideration aggregating up to ₹ 900 million, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Bank in consultation with the BRLMs. If the Pre-IPO Placement is undertaken, the minimum Offer size (comprising the Fresh Issue so reduced by the amount raised from the Pre-IPO Placement, and the Offer for Sale) shall constitute at least [●]% of the post-Offer paid-up Equity Share capital of our Bank
Offer Agreement	Agreement dated October 30, 2021 entered amongst our Bank, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements have been agreed to in relation to the Offer
Offer for Sale	The offer for sale of up to 3,840,087 Equity Shares aggregating up to ₹[●] million, comprising up to 337,396 Equity Shares aggregating up to ₹[●] million by PI Ventures, up to 604,614 Equity Shares aggregating up to ₹[●] million by Amicus Capital Private Equity I LLP, up to 70,178 Equity Shares aggregating up to ₹[●] million by Amicus Capital Partners India Fund I, up to 836,728 Equity Shares

Term	Description
	aggregating up to ₹[●] million by OIJIF II, up to 358,500 Equity Shares aggregating up to ₹[●] million by Gurdev Singh Samra (jointly with Balbir Kaur Samra), up to 200,000 Equity Shares aggregating up to ₹[●] million by Rashpal Singh (jointly with Surinder Kaur), up to 285,000 Equity Shares aggregating up to ₹[●] million by Tarlochan Singh Hyare, up to 132,000 Equity Shares aggregating up to ₹[●] million by Avtar Singh Samra (jointly with Rashpal Singh Samra), up to 40,000 Equity Shares aggregating up to ₹[●] million by Manjoo Sardana, up to 15,000 Equity Shares aggregating up to ₹[●] million by Gaurav Goel, up to 17,000 Equity Shares aggregating up to ₹[●] million by Jasvinder Kaur, up to 14,500 Equity Shares aggregating up to ₹[●] million by Darshna Devi, up to 3,900 Equity Shares aggregating up to ₹[●] million by Rekha Jindal, up to 2,358 Equity Shares aggregating up to ₹[●] million by Richa Mahajan, up to 358,435 Equity Shares aggregating up to ₹[●] million by Gurnam Singh (jointly with Bahadur Singh and Amrik Singh), up to 167,200 Equity Shares aggregating up to ₹[●] million by Ramesh Kaur, up to 107,333 Equity Shares aggregating up to ₹[●] million by Parminder Singh, up to 97,652 Equity Shares aggregating up to ₹[●] million by Joginder Singh Dhillon, up to 40,000 Equity Shares aggregating up to ₹[●] million by Vijay Kumar Bhandari (jointly with Sneh Bhandari), up to 40,000 Equity Shares aggregating up to ₹[●] million by Kuldeep Krishan Sardana (jointly with Suman Sardana), up to 35,000 Equity Shares aggregating up to ₹[●] million by Jagjit Singh Shergill, up to 35,000 Equity Shares aggregating up to ₹[●] million by Gurdip Singh Shergill, up to 35,000 Equity Shares aggregating up to ₹[●] million by Nilam Singh Shergill, up to 7,000 Equity Shares aggregating up to ₹[●] million by Anureet Pattar, and up to 293 Equity Shares aggregating up to ₹[●] million by Rajinder Kumar Sehgal (jointly with Neelam Sehgal and Akhil Sehgal)
Offer Price	The final price (within the Price Band) at which Equity Shares will be Allotted to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price, which will be decided by our Bank, in consultation with the BRLMs in terms of the Red Herring Prospectus and the Prospectus. The Offer Price will be decided by our Bank, in consultation with the BRLMs, on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus
Offer Proceeds	The proceeds of the Fresh Issue which shall be available to our Bank and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see "*Objects of the Offer*" beginning on page 101
Offered Shares	Up to 3,840,087 Equity Shares aggregating up to ₹[●] million being offered by the Selling Shareholders in the Offer for Sale, comprising up to 337,396 Equity Shares aggregating up to ₹[●] million by PI Ventures, up to 604,614 Equity Shares aggregating up to ₹[●] million by Amicus Capital Private Equity I LLP, up to 70,178 Equity Shares aggregating up to ₹[●] million by Amicus Capital Partners India Fund I, up to 836,728 Equity Shares aggregating up to ₹[●] million by OIJIF II, up to 358,500 Equity Shares aggregating up to ₹[●] million by Gurdev Singh Samra (jointly with Balbir Kaur Samra), up to 200,000 Equity Shares aggregating up to ₹[●] million by Rashpal Singh (jointly with Surinder Kaur), up to 285,000 Equity Shares aggregating up to ₹[●] million by Tarlochan Singh Hyare, up to 132,000 Equity Shares aggregating up to ₹[●] million by Avtar Singh Samra (jointly with Rashpal Singh Samra), up to 40,000 Equity Shares aggregating up to ₹[●] million by Manjoo Sardana, up to 15,000 Equity Shares aggregating up to ₹[●] million by Gaurav Goel, up to 17,000 Equity Shares aggregating up to ₹[●] million by Jasvinder Kaur, up to 14,500 Equity Shares aggregating up to ₹[●] million by Darshna Devi, up to 3,900 Equity Shares aggregating up to ₹[●] million by Rekha Jindal, up to 2,358 Equity Shares aggregating up to ₹[●] million by Richa Mahajan, up to 358,435 Equity Shares aggregating up to ₹[●] million by Gurnam Singh (jointly with Bahadur Singh and Amrik Singh), up to 167,200 Equity Shares aggregating up to ₹[●] million by Ramesh Kaur, up to 107,333 Equity Shares aggregating up to ₹[●] million by Parminder Singh, up to 97,652 Equity Shares aggregating up to ₹[●] million by Joginder Singh Dhillon, up to 40,000 Equity Shares aggregating up to ₹[●] million by Vijay Kumar Bhandari (jointly with Sneh Bhandari), up to 40,000 Equity Shares aggregating up to ₹[●] million by Kuldeep Krishan Sardana (jointly with Suman Sardana), up to 35,000 Equity Shares aggregating up to ₹[●] million by Jagjit Singh Shergill, up to 35,000 Equity Shares aggregating up to ₹[●] million by Gurdip Singh Shergill, up to 35,000 Equity Shares aggregating up to ₹[●] million by Nilam Singh Shergill, up to 7,000 Equity Shares aggregating up to ₹[●] million by Anureet Pattar, and up to 293 Equity Shares aggregating up to ₹[●] million by Rajinder Kumar Sehgal (jointly with Neelam Sehgal and Akhil Sehgal)
Other Selling Shareholders	Gurdev Singh Samra (jointly with Balbir Kaur Samra), Rashpal Singh (jointly with Surinder Kaur), Tarlochan Singh Hyare, Avtar Singh Samra (jointly with Rashpal Singh Samra), Manjoo Sardana, Gaurav Goel, Jasvinder Kaur, Darshna Devi, Rekha Jindal, Richa Mahajan, Gurnam Singh (jointly with Bahadur Singh and Amrik Singh), Ramesh Kaur, Parminder Singh, Joginder Singh Dhillon, Vijay Kumar Bhandari (jointly with Sneh Bhandari), Kuldeep Krishan Sardana (jointly with Suman Sardana), Jagjit Singh Shergill, Gurdip Singh Shergill, Nilam Singh Shergill, Anureet Pattar, and Rajinder Kumar Sehgal (jointly with Neelam Sehgal and Akhil Sehgal)
Pre-IPO Placement	The private placement of up to such number of Equity Shares for cash consideration aggregating up to ₹900 million, which may be undertaken by our Bank, in consultation with the BRLMs, to be completed prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Bank in consultation with the BRLMs.

Term	Description
	In the event such private placement is completed, the relevant details will be included in the Red Herring Prospectus. If the Pre-IPO Placement is undertaken, the minimum Offer size (comprising the Fresh Issue so reduced by the amount raised from the Pre-IPO Placement, and the Offer for Sale) shall constitute at least [●]% of the post-Offer paid-up Equity Share capital of our Bank.
Price Band	Price band of a minimum price of ₹[●] per Equity Share (Floor Price) and the maximum price of ₹[●] per Equity Share (Cap Price) including any revisions thereof. The Price Band and the minimum Bid Lot size for the Offer will be decided by our Bank, in consultation with the BRLMs, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in all editions of [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Punjabi daily newspaper with wide circulation (Punjabi being the regional language of Punjab, where our Registered and Corporate Office is located), each with wide circulation and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	Date on which our Bank, in consultation with the BRLMs, will finalise the Offer Price
Prospectus	Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	No lien and non-interest bearing account to be opened with the Public Offer Account Bank, under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account and ASBA Accounts on the Designated Date
Public Offer Account Bank(s)	A bank which is a clearing member and registered with SEBI as a banker to an issue and with which the Public Offer Account will be opened, in this case being [●]
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Net Offer consisting of [●] Equity Shares which shall be available for allocation to QIBs (including Anchor Investors), subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price
Qualified Institutional Buyers or QIBs or QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the Offer Price and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Refund Account(s)	No lien and non-interest bearing account to be opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made
Refund Bank(s)	Banker(s) to the Offer and with whom the Refund Account will be opened, in this case being [●]
Registered Brokers	Stock brokers registered under SEBI (Stock Brokers) Regulations, 1992, with the Stock Exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/ CFD/ 14/ 2012 dated October 4, 2012 issued by SEBI
Registrar Agreement	Agreement dated October 29, 2021 entered by and amongst our Bank, the Selling Shareholders and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the list available on the websites of the Stock Exchanges, and the UPI Circulars
"Registrar to the Offer" or "Registrar"	Link Intime India Private Limited
"Retail Individual Bidder(s)" or "RIB(s)"	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs)
Retail Portion	Portion of the Offer being not less than 35% of the Net Offer consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders (subject to valid Bids being received at or above the Offer Price)
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable. QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/Offer Closing Date
SBICAP	SBI Capital Markets Limited

Term	Description
Self-Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be prescribed by SEBI and updated from time to time. Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI mechanism is available on to the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43. The said list shall be updated on the SEBI website
Selling Shareholders	Collectively, the Investor Selling Shareholders and the Other Selling Shareholders
Share Escrow Agent	Escrow agent appointed pursuant to the Share Escrow Agreement, namely, Link Intime India Private Limited
Share Escrow Agreement	Agreement dated October 30, 2021 entered into amongst our Bank, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding Centres where the Syndicate shall accept ASBA Forms from Bidders, a list of which is available on the website of SEBI (www.sebi.gov.in) and updated from time to time
Sponsor Bank	[●], being a Banker to the Offer, appointed by our Bank to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIBs using the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars
"Syndicate" or "Members of the Syndicate"	Together, the BRLMs and the Syndicate Members
Syndicate Agreement	Agreement to be entered amongst our Bank, the Selling Shareholders, the BRLMs, the Registrar and the Syndicate Members, in relation to collection of Bids by the Syndicate
Syndicate Members	Intermediaries (other than the BRLMs) registered with SEBI who are permitted to accept bids, applications and place order with respect to the Offer and carry out activities as an underwriter, namely, [●]
Systemically Important Non-Banking Financial Company	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
Underwriters	[●]
Underwriting Agreement	Agreement to be entered amongst our Bank and the Underwriters to be entered into on or after the Pricing Date but prior to filing of the Prospectus with the RoC
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI
UPI Circulars	The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any subsequent circulars or notifications issued by SEBI in this regard
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the RIB by way of a notification on the UPI linked mobile application as disclosed by SCSBs on the website of SEBI and by way of an SMS on directing the RIB to such UPI linked mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	The bidding mechanism that may be used by an RIB submitted with intermediaries with UPI as a mode of payment in accordance with the UPI Circulars to make an ASBA Bid in the Offer
UPI PIN	Password to authenticate a UPI transaction
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(lll) of the SEBI ICDR Regulations
Working Day	All days on which commercial banks in Mumbai are open for business. In respect of announcement of Price Band and Bid/Offer Period, Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. In respect of the time

Term	Description
	period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, Working Day shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays in India, as per circulars issued by SEBI, including the UPI Circulars

Technical/Industry Related Terms/Abbreviations

Term	Description
AFS	Available for Sale
AML	Anti-money laundering
ANBC	Adjusted net bank credit
ANBC	Adjusted net bank credit
API	Application Programming Interface
ASISO	Automated Sweep In Sweep Out
ATM	Automated teller machine
AUM	Assets under management, which is equal to gross advances plus off-balance sheet advances (i.e., securitisation/ assignment and inter-bank participation certificate)
Average CASA	Average CASA represents average of daily balances of current and saving bank deposits for the period.
Average Interest-Earning Advances	Average interest earnings advances represent average of daily balances of advances for the period.
Average Term Deposits	Average term deposits represents average of daily balances of term deposits for the period.
Average Total Assets	Average total assets is summation of average interest earning and average non interest earning assets.
Average Total Deposits	Average total deposits represents average of daily balances of total deposits for the period.
Average Interest-Bearing Liabilities	Average interest bearing liabilities is the summation of Average Total Deposits and average total borrowings.
Average Total Interest-Earning Assets	Average total interest earning assets is the summation of average advances, average investments and other interest earning assets.
BC	Business Correspondent
BCBS	Basel Committee on Banking Supervision
C/D ratio	Credit to deposit ratio, which is ratio of total advances to total deposits as at end of the period.
CAR	Capital adequacy ratio
CASA	CASA includes outstanding balances of current deposits and saving deposits as at the end of the periods
CBS	Core banking solutions
CDR	Cash to deposit ratio
CFT	Combatting financing of terrorism
Cost of Average CASA	The ratio of interest expended on CASA to Average CASA
Cost of Average Term Deposits	The ratio of interest expended on term deposits to Average Term Deposits
Cost of funds	Cost of funds is the ratio of interest expended to Average Total Interest-Bearing Liabilities
CRAR	Capital to risk (weighted) assets ratio
CRR	Cash reserve ratio
ECLGS Scheme	The Emergency Credit Line Guarantee Scheme dated May 13, 2020
EEDAA	Foreign Exchange Dealers Association of India
ESG	Environmental, Social and Governance
FBIL	Financials Benchmark India Private Limited
FBIL	Financial Benchmark India Private Limited
FLDG	First loss default guarantee
Fully Diluted Basis	The equity shareholding after considering full conversion of vested options, if any, under ESOP 2018 and ESOP MRT
GDP	Gross domestic product
GNPA	Gross non-performing assets
HFT	Held for Trading
HTM	Held to Maturity
IBA	Indian Banks Association
IL&FS	Infrastructure Leasing & Financial Services Limited
IMF	International Monetary Fund
IMPS	Immediate Payment Service
Interest Spread	Interest spread is difference of yield on advances and cost of deposit
KCC	Kisan Credit Card
KYC	Know your customer
LCR	Liquidity Coverage Ratio
MCLR	Marginal cost of funds based lending rate
MFI	Micro Finance Institution
MIS	Management Information System
MLI	Multilateral instrument
MNREGA	The Mahatma Gandhi National Rural Employment Guarantee Act, 2005
MSMEs	Micro, Small, and Medium Enterprises

MSP scheme	Minimum Support Price scheme
MVE	Market value of equity
NABARD	National Bank for Agriculture and Rural Development
NBFC-MFIs	Non-banking Financial Company - Micro Finance Institutions
NEFT	National electronic funds transfer
Net Interest Income	Net Interest income is the difference between the interest earned on interest-earning assets and the interest expense incurred in connection with interest-bearing liabilities
Net Interest Margin	Net Interest Margin is the difference of interest earned and interest expended divided by the Average Total Assets
Net Profit Before Tax	Net profit plus provisions made towards income tax
Net Total Income	Net total income is summation of net interest income and non-interest income
Net Worth	Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
NII	Net interest income
NIMs	Net interest margin
NNPA	Net non-performing assets
NPAs	Non–performing asset
NRE	Non-residential external
NRI	Non-resident Indian
NRO	Non- resident ordinary
NSO	National Statistics Office
PDAI	Primary Dealers Association of India
PMLA	Prevention of Money Laundering Act, 2002
PMLR	Prevention of Money-laundering Rules
POS	Point of sale
PSBs	Public Sector Banks
PSL	Priority sector lending
PSLCs	Priority Sector Lending Certificates
RoA	Return on Assets, which is ratio of profit after tax to average total assets
RoAA	Return on Average Asset, which is ratio of profit after tax to average total assets
“RoAUM” or “RO AUM” or “Return on AUM”	Return on Assets under management, which is ratio of Profit after tax to average advances
“RoE” or “Return on equity”	Return on equity, which is ratio of profit after tax to average net worth
RTGS	Real time gross settlement.
RWAs	Risk weighted assets
SCBs	Scheduled Commercial Banks as per the List of Scheduled Commercial Banks of RBI
SFBs	Small Finance Bank
SLR	Statutory liquidity ratio
SMA accounts	Special Mention Account which is an account exhibiting signs of incipient stress resulting in the borrower defaulting in timely servicing of her debt obligations, though the account has not yet been classified as NPA as per the extant RBI guidelines. SMA accounts are further categorised into SMA-0, SMA 1 and SMA 2 on the basis of principal or interest payment or any other amount wholly or partially overdue for a stipulated periods, as per the RBI Framework for Revitalising Distressed Assets in the Economy – Guidelines on Joint Lenders’ Forum (JLF) and Corrective Action Plan (CAP) dated February 26, 2014, as updated on September 24, 2015.
SME	Small and medium enterprises
SMS	Short message service
TDS	Tax Deducted at Source
URC	Unbanked rural centre
Yield on Average Interest-Earning Advances	Yield on Average Interest-Earning Advances represents the ratio of interest earned on advances to Average Interest-Earning Advances
YTM	Yield to maturity

Conventional and General Terms or Abbreviations

Term	Description
₹/ Rs./ Rupees/ INR	Indian Rupees
AIFs	Alternative Investments Funds
Banking Regulation Act	Banking Regulation Act, 1949
Basel Master Circular	Master Circular – Basel III Capital Regulations, RBI/2015-16/58, DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015
BSE	BSE Limited

Term	Description
CAGR	Compound annual growth rate
CSR	Corporate Social Responsibility
Calendar Year	A calendar year is a one-year period that begins on January 1 and ends on December 31, based on the commonly-used Gregorian calendar
Category I AIF	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as "Category I Foreign Portfolio Investors" under the SEBI FPI Regulations
Category II AIF	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
Category II FPIs	FPIs who are registered as "Category II Foreign Portfolio Investors" under the SEBI FPI Regulations
Category III AIF	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
CCIL	Clearing Corporation of India Limited
CDSL	Central Depository Services (India) Limited
CERSAI	Central Registry of Securitization Asset Reconstruction and Security Interest of India
CIN	Corporate Identity Number
Civil Code	The Code of Civil Procedure, 1908
Companies Act or Companies Act, 2013	Companies Act, 2013, along with the relevant rules made thereunder
Companies Act, 1956	Companies Act, 1956, along with the relevant rules made thereunder
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as the Department of Industrial Policy and Promotion*)
DP ID	Depository Participant Identification
DP/ Depository Participant	Depository participant as defined under the Depositories Act
EBITDA	Earnings before interest (net), taxes, depreciation and amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT through notification dated August 28, 2017 effective from August 28, 2017
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Non-debt Instruments Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FEMA Regulations	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019, the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 and the Foreign Exchange Management (Debt Instruments) Regulations, 2019, as applicable
FIMMDA	Fixed Income Money Market & Derivates Association of India
Financial Year/ Fiscal/ FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIR	First information report
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI(s)	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
GAAR	General Anti-Avoidance Rules
Gazette	Gazette of India
GoI or Government or Central Government	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code

Term	Description
Ind AS/ Indian Accounting Standards	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
India	Republic of India
Indian GAAP/ IGAAP	Accounting principles generally accepted in India including Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 to the extent applicable and other relevant provisions of the Companies Act, 2013 and current practices prevailing within the banking industry in India and the requirements prescribed under the Banking Regulation Act, the circulars and guidelines issued by RBI from time to time
IPO	Initial public offering
IRDAI	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
IT	Information Technology
IT Act	The Income Tax Act, 1961
KYC	Know your customer
Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
MCA	Ministry of Corporate Affairs
MICR	Magnetic Ink Character Recognition
Mutual Fund (s)	Mutual Fund(s) means mutual funds registered under the SEBI (Mutual Funds) Regulations, 1996
N/A	Not applicable
NACH	National Automated Clearing House
NAV	Net Asset Value
NEFT	National Electronic Funds Transfer
NPCI	National Payments Corporation of India
NRI	Person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016 or an overseas citizen of India cardholder within the meaning of section 7(A) of the Citizenship Act, 1955
NRE Account	Non-resident external rupee account
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on the date of commencement of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003 i.e., October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
p.a.	Per annum
P/E	Price/earnings
P/E Ratio	Price/earnings ratio
PAN	Permanent account number
PAT	Profit after tax
PFRDA	Pension Fund Regulatory and Development Authority
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
RTGS	Real Time Gross Settlement
SARFAESI Act	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957

Term	Description
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Merchant Bankers Regulations	SEBI (Merchant Bankers) Regulations, 1992
SEBI SBEBSE Regulations	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
SFB	Small Finance Bank within the meaning of the SFB Licensing Guidelines
SFB Licensing Guidelines	Reserve Bank of India’s Guidelines for Licensing of “Small Finance Banks” in the Private Sector dated November 27, 2014
State Government	The government of a state in India
Stock Exchanges	BSE and NSE
STT	Securities transaction tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S. GAAP	Generally Accepted Accounting Principles in the United States
U.S. Securities Act	U.S. Securities Act of 1933, as amended
U.S./ USA/ United States	United States of America
USD/US$	United States Dollars
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(lll) of the SEBI ICDR Regulations

OFFER DOCUMENT SUMMARY

The following is a general summary of the terms of the Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing in "Risk Factors", "The Offer", "Capital Structure", "Objects of the Offer", "Industry Overview", "Our Business", "Our Promoters and Promoter Group", "Financial Statements", "Offer Procedure", "Outstanding Litigation and Material Developments" and "Description of Equity Shares and Terms of Articles of Association" beginning on pages 24, 59, 75, 101, 112, 139, 202, 225, 361, 329 and 379, respectively.

Summary of Business

We commenced operations as India's first small finance bank in 2016, and are among the leading SFBs in India in terms of asset quality, cost of funds, retail deposits and CASA deposits for Fiscal 2021. We have the most diversified portfolio with sizeable book in multiple asset classes as compared to other SFBs with a highest proportion of secured lending of 99% as of Fiscal 2021 among the SFBs. We have the best asset quality among the SFBs represented by lowest GNPA and NNPA of 2.08% and 1.13% respectively as of Fiscal 2021. We have an experience of over two decades in the banking industry having operated as the largest local area bank prior to our conversion into a small finance bank. *(CRISIL Research Report)*.

Summary of Industry

Small finance banks' AUM clocked 26% CAGR during fiscals 2016-2021. With their localised past experience, SFBs, especially the ones which were existing as local area banks have the ability to manage local stakeholders and maintain operational efficiency more effectively. CRISIL Research expects the sector's loan portfolio to see a strong ~22% CAGR in the near term as most of the SFBs have completed the transition phase and likely to get benefit from the operating leverage. The share of SFBs in deposits as well as credit has seen a steady rise over the years and is expected to reach 1% and 1.5% respectively by fiscal 2024 from the current 0.6% and 1.0% in deposits and credits in fiscal 2021. (*CRISIL Research Report*)

Our Promoters

Sarvjit Singh Samra, Amarjit Singh Samra, Navneet Kaur Samra, Surinder Kaur Samra and Dinesh Gupta are our Promoters. For details, see "*Our Promoters and Promoter Group*" beginning on page 202.

Offer Size

Offer	Up to [●] Equity Shares aggregating up to ₹[●] million
of which	
Fresh Issue(1)(2)	Up to [●] Equity Shares aggregating up to ₹4,500.00 million
Offer for Sale(3)	Up to 3,840,087 Equity Shares aggregating up to ₹[●] million by the Selling Shareholders
Employee Reservation Portion(4)	Up to [●] Equity Shares aggregating up to ₹[●] million
Net Offer	Up to [●] Equity Shares aggregating up to ₹[●] million

(1) *The Offer has been authorized by resolution of our Board dated August 18, 2021 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated October 22, 2021. Further, our Board approved the Fresh Issue vide resolution dated October 22, 2021. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated October 22, 2021.*

(2) *A Pre-IPO Placement may be undertaken by our Bank in consultation with the BRLMs for an aggregate amount not exceeding ₹900.00 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Bank in consultation with the BRLMs and will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement subject to the minimum Offer size (comprising the Fresh Issue so reduced by the amount raised from the Pre-IPO Placement, and the Offer for Sale) constituting at least [●]% of the post-Offer paid-up Equity Share capital of our Bank.*

(3) *The Equity Shares being offered by the Selling Shareholders have been held for a period of at least one year immediately preceding the date of this Draft Red Herring Prospectus with the SEBI, and are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For details of authorizations received for the Offer for Sale, see "Other Regulatory and Statutory Disclosures" on page 338.*

(4) *In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation up to ₹500,000), shall be added to the Net Offer. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital. For further details, see "Offer Structure" beginning on page 356.*

Objects of the Offer

Our Bank proposes to utilise the Net Proceeds towards the following objects:

Particulars	Amount* (in ₹ million)
For augmentation of our Bank's Tier – 1 capital base(1)	[●]
Net Proceeds	[●]

* Includes the proceeds, if any, received pursuant to the Pre-IPO Placement. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement, we may utilise the proceeds from such Pre-IPO Placement towards the Objects of the Offer prior to completion of the Offer.

(1) To be determined on finalisation of the Offer Price and updated in the Prospectus.

For details, see "*Objects of the Offer*" beginning on page 101.

Pre-Offer Shareholding of our Promoters, the Promoter Group and the Selling Shareholders

S. No.	Category of Shareholders	No. of Equity Shares	% of total pre-Offer paid-up Equity Share capital
Promoters			
1.	Sarvjit Singh Samra	4,174,619	12.28
2.	Amarjit Singh Samra	1,640,864	4.83
3.	Navneet Kaur Samra	884,800	2.60
4.	Surinder Kaur Samra	936,486	2.75
5.	Dinesh Gupta (jointly with Deepali Gupta)	295,920	0.87
Sub Total (A)		**7,932,689**	**23.33**
Promoter Group			
1.	Amarpreet Kaur Hayer	44,000	0.13
2.	Dinesh Gupta HUF	29,333	0.09
3.	Deepali Gupta	2,890	Negligible
4.	Minni Gupta	4,000	Negligible
5.	Raman Kumar Gupta	1,000	Negligible
Sub Total (B)		**81,223**	**0.24**
Selling Shareholders			
Investor Selling Shareholders			
1.	PI Ventures LLP	1,686,980	4.96
2.	Amicus Capital Private Equity I LLP	1,511,535	4.45
3.	Amicus Capital Partners India Fund I	175,445	0.52
4.	Oman India Joint Investment Fund II	3,346,914	9.84
Other Selling Shareholders			
1.	Gurdev Singh Samra (jointly with Balbir Kaur Samra)	358,500	1.05
2.	Rashpal Singh (jointly with Surinder Kaur)	822,729	2.42
3.	Tarlochan Singh Hyare	285,000	0.84
4.	Avtar Singh Samra (jointly with Rashpal Singh Samra)	132,000	0.39
5.	Manjoo Sardana	51,400	0.15
6.	Gaurav Goel	36,965	0.11
7.	Jasvinder Kaur	24,720	0.07
8.	Darshna Devi	37,704	0.11
9.	Rekha Jindal	3,900	0.01
10.	Richa Mahajan	9,858	0.02
11.	Gurnam Singh (jointly with Bahadur Singh and Amrik Singh)	358,435	1.05
12.	Ramesh Kaur	167,200	0.49
13.	Parminder Singh	107,333	0.32
14.	Joginder Singh Dhillon	97,652	0.29
15.	Vijay Kumar Bhandari (jointly with Sneh Bhandari)	74,954	0.22
16.	Kuldeep Krishan Sardana (jointly with Suman Sardana)	259,467	0.76
17.	Jagjit Singh Shergill	72,893	0.21
18.	Gurdip Singh Shergill	72,747	0.21
19.	Nilam Singh Shergill	72,747	0.21
20.	Anureet Pattar	10,000	0.03
21.	Rajinder Kumar Sehgal (jointly with Neelam Sehgal and Akhil Sehgal)	293	Negligible
Sub Total (C)		**9,777,371**	**28.75**
Total (A) + (B) + (C)		**17,791,283**	**52.32**

Summary of Restated Financial Information

(in ₹ million other than share data)

Particulars	As at and for the three months ended June 30, 2021	As at and for the three months ended June 30, 2020	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2020	As at and for the Financial Year ended March 31, 2019
Capital	340.03	338.07	339.10	338.07	284.81
Net worth	4,642.03	4,140.15	4,507.90	4,067.80	2,503.22
Total income	1,473.95	1,325.15	5,572.97	5,010.90	3,775.98
Profit after tax	121.83	68.00	407.84	253.82	194.14
Basic and diluted earnings per share (₹ / share)					
- Basic (in ₹)	3.59*	2.01*	12.04	8.18	6.82
- Diluted (in ₹)	3.57*	2.01*	11.98	8.16	6.82
Net asset value per Equity Share^ (basic) (in ₹)	136.52	122.46	132.93	120.32	87.89
Net asset value per Equity Share^ (diluted) (in ₹)	136.14	122.06	132.46	119.90	87.89
Total borrowings (as per balance sheet)	5,424.40	4,731.20	6,167.20	4,209.20	3,583.80
EBITDA#	202.94	129.11	702.29	499.19	386.90

* *Not annualized*

^Net asset value per share= Net worth as restated / Number of equity shares as at period/ year end

 # EBITDA stands for earnings before taxes, depreciation and amortization which has been arrived at by adding depreciation and amortization, provision for taxes (net) and deferred taxes (net) to the net profit for the period/ year. Interest Income and interest expenses are not considered in arriving EBITDA having regards to the nature of Bank's business.

For further details of the Restated Financial Information, see "*Financial Statements*" beginning on page 225.

Qualifications of the Statutory Auditors which have not been given effect to in the Restated Financial Information

The Restated Financial Information does not contain any qualifications by the Statutory Auditors.

Summary of Outstanding Litigation

A summary of outstanding litigation proceedings involving our Bank as on the date of this Draft Red Herring Prospectus, is provided below:

Nature of cases	Number of cases	Total amount involved (in ₹ million)^
Litigation involving our Bank		
Against our Bank		
Material civil cases	1	13.75
Criminal cases	Nil	-
Outstanding actions by regulatory and statutory authorities	Nil	-
Taxation matters	1	12.21
By our Bank		
Material civil cases	134	108.37
Criminal cases	16	459.07
Taxation matters	Nil	Nil

^ *To the extent ascertainable*

For further details of the outstanding litigation proceedings, see "*Outstanding Litigation and Material Developments*" beginning on page 329.

Risk Factors

For details in relation to certain risks applicable to us, see "*Risk Factors*" beginning on page 24.

Summary of contingent liabilities of our Bank

The details of our contingent liabilities as at June 30, 2021 are set forth in the table below:

Particulars	As of June 30, 2021 (₹ in million)
Guarantees given on behalf of customers	300.12
Acceptances, endorsements and other obligations	13.38
Other items for which bank is contingently liable	45.35

Particulars	As of June 30, 2021 (₹ in million)
Total	**358.85**

For details, see "*Restated Financial Information – Annexure 17 – Restated Statement of Contingent Liabilities*" beginning on page 243.

Summary of Related Party Transactions

(in ₹ million)

Particulars	As at and for the three months ended June 30, 2021	As at and for the three months ended June 30, 2020	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2020	As at and for the Financial Year ended March 31, 2019
Borrowings payable to KMPs	4.00	1.00	1.00	1.00	1.40
Borrowings Payable to Relatives of KMPs	15.70	12.70	14.70	12.70	10.70
Deposits held by KMPs	7.79	7.33	11.25	5.55	4.07
Deposits held by Relatives of KMPs	57.14	23.63	31.77	30.31	41.34
Deposits held by Associates/ Joint Ventures/ Others	4.58	1.23	3.55	1.88	0.50
Advances to KMPs	2.20	-	-	0.09	3.21
Interest paid to KMPs	0.16	0.14	0.71	0.77	0.83
Interest paid to Relatives of KMPs	0.79	0.74	3.90	3.58	3.03
Interest paid to Associates/ Joint Ventures/ Others	0.02	0.01	0.06	0.06	-
Interest received from KMPs	0.03	-	-	0.06	0.19
Interest received from relatives of KMPs	-	-	-	-	-
Lease rentals paid to KMPs	1.12	1.18	4.53	4.48	4.23
Lease rentals paid to Relatives of KMPs	3.92	4.13	15.85	15.75	16.07
Salary paid to KMPs	9.14	5.67	25.24	25.67	16.11
Salary paid to Relatives of KMPs	0.68	0.46	1.70	1.27	-
CSR expenses through trust	1.93	1.50	6.15	5.25	0.50

For details of the related party transactions and as reported in the Restated Financial Information, see "*Financial Statements – Related Party Disclosure*" on page 275.

Issuances of Equity Shares made in the last one year for consideration other than cash

Our Bank has not issued any Equity Shares through bonus issue or for consideration other than cash in the one year preceding the date of this Draft Red Herring Prospectus.

Financing Arrangements

There have been no financing arrangements whereby the Promoters, members of their respective Promoter Groups, our Directors, or their relatives have financed the purchase by any other person of securities of our Bank (other than in the normal course of the business of the relevant financing entity) during a period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

Weighted average price at which the Equity Shares were acquired by the Promoters and the Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus

The weighted average price at which the Equity Shares were acquired by the Promoters and the Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus is:

S. No.	Category of Shareholders	Number of Equity Shares acquired	Weighted average price per Equity Share (in ₹)
Promoters			
1.	Dinesh Gupta	24,450	132.00
Other Selling Shareholders			

S. No.	Category of Shareholders	Number of Equity Shares acquired	Weighted average price per Equity Share (in ₹)
1.	Gaurav Goel	7,800	205.13
2.	Darshna Devi	16,499	106.06

Average Cost of Acquisition for the Promoters and the Selling Shareholders

The average cost of acquisition per Equity Share acquired by the Promoters and the Selling Shareholders, as on the date of this Draft Red Herring Prospectus is:

S. No.	Category of Shareholders	Number of Equity Shares held	Average cost of Acquisition per Equity Share (in ₹)
Promoters			
1.	Sarvjit Singh Samra	4,174,619	41.39
2.	Amarjit Singh Samra	1,640,864	18.45
3.	Navneet Kaur Samra	884,800	28.67
4.	Surinder Kaur Samra	936,486	21.15
5.	Dinesh Gupta (jointly with Deepali Gupta)	295,920	14.18
Investor Selling Shareholders			
1.	PI Ventures LLP	1,686,980	178.44
2.	Amicus Capital Private Equity I LLP	1,511,535	252.00
3.	Amicus Capital Partners India Fund I	175,445	252.00
4.	Oman India Joint Investment Fund II	3,346,914	252.00
Other Selling Shareholders			
1.	Gurdev Singh Samra (jointly with Balbir Kaur Samra)	358,500	20.36
2.	Rashpal Singh (jointly with Surinder Kaur)	822,729	15.91
3.	Tarlochan Singh Hyare	285,000	8.77
4.	Avtar Singh Samra (jointly with Rashpal Singh Samra)	132,000	15.00
5.	Manjoo Sardana	51,400	29.24
6.	Gaurav Goel	36,965	82.12
7.	Jasvinder Kaur	24,720	75.08
8.	Darshna Devi	37,704	111.42
9.	Rekha Jindal	3,900	130.26
10.	Richa Mahajan	9,858	45.60
11.	Gurnam Singh (jointly with Bahadur Singh and Amrik Singh)	358,435	8.42
12.	Ramesh Kaur	167,200	15.00
13.	Parminder Singh	107,333	20.31
14.	Joginder Singh Dhillon	97,652	18.18
15.	Vijay Kumar Bhandari (jointly with Sneh Bhandari)	74,954	30.00
16.	Kuldeep Krishan Sardana (jointly with Suman Sardana)	259,467	29.77
17.	Jagjit Singh Shergill	72,893	23.52
18.	Gurdip Singh Shergill	72,747	23.52
19.	Nilam Singh Shergill	72,747	23.52
20.	Anureet Pattar	10,000	33.66
21.	Rajinder Kumar Sehgal (jointly with Neelam Sehgal and Akhil Sehgal)	293	20.00

Details of pre-IPO placement

Our Bank may, in consultation with the BRLMs, consider a private placement of up to such number of Equity Shares for cash consideration aggregating up to ₹ 900.00 million, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Bank in consultation with the BRLMs. If the Pre-IPO Placement is undertaken, the minimum Offer size (comprising the Fresh Issue so reduced by the amount raised from the Pre-IPO Placement, and the Offer for Sale) shall constitute at least [●]% of the post-Offer paid-up Equity Share capital of our Bank.

Split or Consolidation of Equity Shares in the last one year

Our Bank has not undertaken split or consolidation of the Equity Shares in the last one year preceding the date of this Draft Red Herring Prospectus.

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Draft Red Herring Prospectus to "India" are to the Republic of India. All references to the "Government", "Indian Government", "GOI", "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial data in this Draft Red Herring Prospectus is derived from the restated statement of assets and liabilities as at June 30, 2021, June 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019, the restated profit and loss account and restated statement of cash flows for the three months period ended June 30, 2021 and June 30, 2020 and for each of the Financial Years ended March 31, 2021, March 31, 2020 and March 31, 2019 and the summary statement of significant accounting policies, and other explanatory notes prepared by our Bank in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and the Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time. For further information on our Bank's financial information, see "*Financial Statements*" on page 225.

Our Bank's Financial Year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular Financial Year, unless stated otherwise, are to the 12-month period ended on March 31 of that year.

There are significant differences between Indian GAAP, Ind AS, U.S. GAAP and IFRS. The Restated Financial Information included in this DRHP have been compiled by the management from the audited financial statements as at and for the three months periods ended June 30, 2021 and June 30, 2020 and for the Financial Year ended March 31, 2021, March 31, 2020 and March 31, 2019, prepared by our Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, accounting principles generally accepted in India including accounting standards prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 to the extent applicable and other relevant provisions of the Companies Act, 2013 and current practices prevailing within the banking industry in India and the requirements prescribed under the Banking Regulation Act, the circulars and guidelines issued by RBI from time to time. Our Bank has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our Bank's financial data. For risks in this regard, see "*Risk Factors – Banking companies in India, including us, may be required to report financial statements as per Ind AS in the future. Differences exist between Ind AS and Indian GAAP. In the future, if we are required to prepare our financial statements in accordance with Ind AS, there is a possibility that our financial condition, results of operations and cash flows could be worse than if we prepared our financial statements in accordance with Indian GAAP* " and "*Risk Factors – We have in this Draft Red Herring Prospectus included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial condition. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies*" on pages 44 and 48. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. Our Bank does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Unless the context otherwise indicates, any percentage or amounts, with respect to financial information of our Bank in this Draft Red Herring Prospectus have been derived from the Restated Financial Information.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places.

Non-GAAP Financial Measures

Certain non-GAAP financial measures and certain other statistical and operational information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures and other statistical and operational information are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere. These non-GAAP financial measures and other statistical and operational information have been reconciled to their nearest GAAP measure in "*Our Business*", "*Selected Statistical Information*", "*Other Financial Information*" and "*Capitalisation Statement*" on pages 139, 208, 294 and 326 respectively.

Currency and Units of Presentation

All references to "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India.

Our Bank has presented certain numerical information in this Draft Red Herring Prospectus in "lakh", "million" and "crores" units or in whole numbers where the numbers have been too small to represent in such units. One million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000. One lakh represents 100,000 and one crore represents 10,000,000.

Figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Exchange Rates

This Draft Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and USD (in Rupees per USD):

Currency	As at*			
	June 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
1 USD	74.35	73.50	75.39	69.17

Source: RBI reference rate and www.fbil.org.in
Note: Exchange rate is rounded off to two decimal places.
* *In case March 31 of any of the respective years is a public holiday, the previous working day, not being a public holiday, has been considered.*

Industry and Market Data

Unless otherwise indicated, industry and market data used throughout this Draft Red Herring Prospectus has been obtained or derived from various industry publications and sources, including the report titled "*Report on Small Finance Banks and various loan products*" dated September 2021, issued by CRISIL (appointed by our Bank pursuant to an engagement letter dated August 16, 2021) which has been commissioned and paid for by our Bank in connection with the Offer and is available at https://www.capitalbank.co.in/investor-relations, and which is subject to the following disclaimer:

"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report ("Report") based on the Information obtained by CRISIL from sources which it considers reliable ("Data"). . This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Capital Small Finance Bank Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL Ratings Limited / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL Ratings Limited / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."

CRISIL is an independent agency and is not related to our Bank, our Promoters, Directors or Key Managerial Personnel in any manner and is not a related party of our Bank, Directors, Promoters or Key Managerial Personnel.

For risks in this regard, see "*Risk Factors – Statistical and industry data in this Draft Red Herring Prospectus is derived from the CRISIL Research Report commissioned and paid for by us for such purpose. The CRISIL Research Report is not exhaustive and is based on certain assumptions and parameters/conditions.*" on page 58.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Bank is conducted, and methodologies and assumptions may vary widely among different industry sources. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable.

Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors*" on page 24.

In accordance with the SEBI ICDR Regulations, "*Basis for Offer Price*" on page 104 includes information relating to our peer group companies. Such information has been derived from publicly available sources. Accordingly, no investment decision should be made solely on the basis of such information.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute "forward-looking statements". All statements regarding our expected financial condition and results of operations, business, plans and prospects are "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "likely to", "seek to", "shall", "objective", "plan", "project", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements whether made by us or any third parties in this Draft Red Herring Prospectus are based on our current plans, estimates, presumptions and expectations and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement, including but not limited to, regulatory changes pertaining to the banking industry and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the banking / microfinance industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Our business is concentrated in North India, particularly in the state of Punjab;
- We are subject to strict regulatory requirements and prudential norms;
- COVID-19 has had and could continue to have an adverse effect on our business, results of operations and future financial performance;
- We are exposed to operational and credit risks which may result in NPAs. If we are unable to control the level of NPAs in our portfolio effectively or if we are unable to improve/maintain our provisioning coverage as a percentage of gross NPAs, our business, financial condition, results of operations and cash flows could be adversely affected;
- We may be impacted by volatility in interest rates, which could cause our Net Interest Margin to decline; and
- We are involved in certain legal proceedings.

Certain information in "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations* on pages 112, 139 and 295, respectively of this Draft Red Herring Prospectus has been obtained from the report titled "*Report on Small Finance Banks and various loan products*" dated September 2021 (which is a paid report and commissioned by us in connection with the Offer) dated September 2021, issued by CRISIL, which was appointed by our Bank pursuant to an engagement letter dated August 16, 2021.

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 24, 139 and 295 respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

These statements are based on our management's belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based on are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance. Neither our Bank, our Promoters, our Directors, the Selling Shareholders, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the requirements of SEBI, our Bank and the BRLMs shall ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer. Each of the Selling Shareholders shall ensure that they will keep our Bank and BRLMs informed of all material developments in relation to the portion of the Offered Shares, statements and undertakings expressly made by the Selling Shareholders in the Red Herring Prospectus until the date of Allotment .

SECTION II: RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before evaluating our business and making an investment in the Equity Shares. This section should be read in conjunction with "Industry Overview", "Our Business", "Selected Statistical Information", "Financial Statements", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 112, 139, 208, 225 and 295, respectively, before making an investment decision in relation to the Equity Shares.

The risks and uncertainties described in this section are not the only risks that are relevant to us or the Equity Shares or the industry and segment in which we operate. Additional risks and uncertainties not currently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, financial condition, results of operations and cash flows. If any of the following risks or other risks that are not currently known or are now deemed immaterial actually occur, our business, financial condition, results of operations and cash flows could be adversely affected and the trading price of the Equity Shares could decline and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors described below. However, there are certain risk factors where such implications are not quantifiable, and hence any quantification of the underlying risks has not been disclosed in such risk factors.

In making an investment decision, prospective investors must rely on their own examination of our Bank and the terms of the Offer, including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.

Unless otherwise indicated, industry and market data used in this section has been derived from the CRISIL Research Report prepared and released by CRISIL Research which was appointed by our Bank vide an engagement letter dated August 16, 2021 and commissioned and paid for by our Bank in connection with the Offer. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Research Report and included herein with respect to any particular year refers to such information for the relevant fiscal year.

Our Bank's fiscal year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information included herein is derived from our Restated Financial Information included in this Draft Red Herring Prospectus.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. See "Forward-Looking Statements" on page 23.

RISKS RELATING TO OUR BUSINESS

1. ***Our business is concentrated in North India, particularly in the state of Punjab, and any adverse change in the economy of North India could have an adverse effect on our financial condition, results of operations and cash flows.***

   Our business is concentrated in North India, particularly in the state of Punjab. A significant number of our Branches are located in Punjab. Due to this concentration, the success and profitability of our overall operations may be exposed to regional factors. These regional factors include, among others: (i) the growth in population, income and savings levels, (ii) increased competition as more players enter these geographies, (iii) financial health of borrowers in these areas, and the risk of their over-indebtedness, (iv) changes to local laws and regulations, (v) public perception around the products and services that we provide, (vi) influx or efflux of migrant populations and (vii) other developments including political unrest, disruption or sustained economic downturn in these regions, floods, civil or social unrest and other natural calamities. Adverse developments in any of the above factors would affect us more than they might affect banks with greater geographic diversity. Any one of these events may require us to close branches, temporarily shut down operations, or lower lending levels, and may result in a material adverse change in our business, financial condition, results of operations and cash flows. The following table sets forth a breakdown of our branches, gross advances and total deposits in various districts of Punjab in terms of the percentage of our entire network, as of June 30, 2021 in the state of Punjab:

District	Branches		Gross Advances		Deposits	
	Number	% of total branches in Punjab	In ₹ million	% of total gross advances in Punjab	In ₹ million	% of total deposits in Punjab
Amritsar	4	2.83	1,599.17	4.69	935.31	1.77
Barnala	1	0.71	123.75	0.36	194.02	0.37

District	Branches		Gross Advances		Deposits	
	Number	% of total branches in Punjab	In ₹ million	% of total gross advances in Punjab	In ₹ million	% of total deposits in Punjab
Bathinda	2	1.42	414.14	1.22	237.25	0.45
Faridkot	2	1.42	426.16	1.25	275.53	0.52
Fatehgarh Sahib	3	2.13	533.48	1.57	317.55	0.60
Fazilka	1	0.71	135.74	0.40	150.61	0.29
Ferozpur	3	2.13	435.95	1.28	339.34	0.64
Gurdaspur	1	0.71	86.15	0.25	91.46	0.17
Hoshiarpur	13	9.22	2,667.44	7.83	6,592.93	12.48
Jalandhar	55	39.00	14,746.00	43.29	29,598.80	56.02
Kapurthala	14	9.93	3,582.65	10.52	7,658.07	14.49
Ludhiana	17	12.05	4,605.84	13.52	3,092.95	5.85
Malerkotla	1	0.71	178.90	0.53	58.35	0.11
Mansa	1	0.71	236.95	0.70	153.20	0.29
Moga	3	2.13	868.79	2.55	502.24	0.95
Mohali	3	2.13	636.03	1.87	297.88	0.56
Muktsar	2	1.42	419.61	1.23	267.74	0.51
Nawanshahr	8	5.67	1,015.68	2.98	986.47	1.87
Pathankot	1	0.71	264.53	0.78	143.55	0.27
Patiala	3	2.13	590.70	1.73	566.55	1.07
Rupnagar	1	0.71	188.88	0.55	103.23	0.20
Sangrur	2	1.42	307.40	0.90	274.35	0.52
Total	**141**	**100.00**	**34,063.94**	**100.00**	**52,837.38**	**100.00**

Any disruption, disturbance or sustained downturn in the economy of, or any adverse geological, ecological or political circumstances in North India, in particular in the state of Punjab, could adversely affect our business, financial condition, results of operations and cash flows.

2. ***We are subject to strict regulatory requirements and prudential norms. If we are unable to comply with such laws, regulations and norms it may have an adverse effect on our business, financial condition, results of operations and cash flows.***

We are regulated under the Banking Regulation Act and have to comply with circulars and directives issued by the RBI that apply to small finance banks. The Banking Regulation Act limits the flexibility of shareholders and management of a small finance bank in many ways, including by way of specifying certain matters for which a banking company would require RBI approval. The RBI In-Principle Approval, RBI Final Approval, SFB Licensing Guidelines and SFB Operating Guidelines require us to comply with certain conditions in order to operate our business. For further details on these regulatory requirements and prudential norms, see "*Key Regulations and Policies*" on page 162. We have to comply with prudential norms specified in respect of market discipline, the classification, valuation and operation of our investment portfolio, income recognition, asset classification and provisioning pertaining to advances, RBI directives on permissible loans and advances, permissible exposures, requisite disclosures in financial statements, fraud classification and reporting, and periodic disclosure requirements (including in presentation of financial information and financial statements). In case we fail to comply with the applicable directives and reporting requirements or meet the prescribed prudential norms, the RBI may charge penalties, restrict our banking activities or otherwise enforce increased scrutiny and control over our banking operations, including by way of withholding approvals, or issuing conditional approvals, in respect of any proposed actions for which we may seek RBI approval in the future. The RBI may also impose additional conditions on us, and may terminate our SFB license, if we are unable to comply with applicable requirements. In addition, we are subject to periodic inspections by the RBI. We are periodically inspected under the Banking Regulation Act and the RBI Act, pursuant to which the RBI issues observations, directions, and action plans, on issues related to various operational risks and regulatory non-compliances. If we are unable to comply with laws and regulations applicable to a small finance bank, or observations, directions, and action plans issued by RBI pursuant to periodic inspections, it may have an adverse effect on our business, financial condition, results of operations and cash flows.

Certain requirements that are applicable to SFBs in terms of the SFB Licensing Guidelines and SFB Operating Guidelines and other banking laws and regulations are more stringent in comparison to other banks and non-banking financial companies and have and will continue to impact our business and operations. For instance, the priority sector lending ("**PSL**") requirements applicable to SFBs are significantly higher than the PSL limits applicable to other banks, and any shortfall in meeting the PSL targets at the end of a financial year based on the average of priority sector target/ sub target achievement as at the end of each quarter, would statutorily require us to place the shortfall amount in Rural Infrastructure Development Fund which would typically generate a lower rate of interest compared to PSL advances.

We have highlighted below some of the material rules and regulations that we need to comply with as a small finance bank.

Restrictions relating to advances

The maximum loan size and investment limit exposure to a single and group obligor is restricted to 10.00% and 15.00% of our capital funds, respectively. In addition, at least 50.00% of our loan portfolio is required to constitute advances of up to ₹ 2.50 million. Further, as per the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019, notified on June 7, 2019, we are required to, among other things, identify incipient stress in loan accounts, immediately on default by classifying stressed assets as special mention accounts and to put in place Board-approved policies for resolution of stressed assets.

We are also prohibited from exposure in terms of advances to our Directors, companies in which our Directors are interested, our Promoters, major shareholders (holding 10.00% or more of our paid-up equity share capital), and entities in which our Promoters and major shareholders have significant influence or control (as defined under applicable accounting standards).

Maintenance of cash reserve ratio ("CRR") and statutory liquidity ratio ("SLR")

We are required to maintain CRR and SLR in accordance with "Reserve Bank of India Directions, - 2021 on Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)" ("**RBI CRR SLR Guidelines**"). We are currently required to maintain a CRR of a minimum of 4.00% of our net demand and time liabilities with the RBI in accordance with RBI CRR SLR Guidelines, on which no interest is paid. Further, we are also currently required to maintain SLR equivalent to 18.00% of our net demand and time liabilities in cash, gold, unencumbered investments in specified securities and invested in Government and other RBI-approved securities in accordance with RBI CRR SLR Guidelines. As at three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020 and 2019, our CRR was 4.07.%, 3.62%, 3.56%, 3.55% and 4.65%, respectively. As at March 31, 2021 and 2020, our CRR was above the reduced rate of 3.00% prescribed by the RBI on account of the COVID-19 pandemic. Further, as at three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020 and 2019, our SLR was 31.78%, 31.32%, 32.37%, 27.06% and 26.14% of our net demand and time liabilities, respectively.

As a small finance bank, our net interest margin, which is the difference of interest earned and interest expended divided by the average total assets ("**Net Interest Margin**") and return on net worth may be adversely affected, as we are required to set aside resources to meet the RBI's CRR and SLR requirements. We may be unable to maintain the CRR and SLR as prescribed by the RBI, from time to time, due to limited availability of funds. Moreover, if we fail to meet the prescribed norms in our banking operations, the RBI may charge penal interest for the period of default, or restrict our banking activities, or otherwise enforce increased scrutiny and control over our banking operations. Maintaining the CRR and SLR may impose liquidity constraints on us by reducing the amount of cash available with us for lending. In the event that the CRR or SLR requirements applicable to us are increased in the future, our ability to make advances would be correspondingly further reduced, which may adversely affect our business, financial condition, results of operations and cash flows.

Maintenance of capital to risk (weighted) assets ratio ("CRAR")

As per the SFB Operating Guidelines and the Master Circular – Basel II Capital Regulations, we are required under applicable laws and regulations to maintain a minimum CRAR**,** which is currently 15.00% of the risk weighted assets ("**RWAs**"), on a continuous basis subject to any higher percentage as may be prescribed by the RBI from time to time, with Tier I capital of at least 7.50% of the RWAs and Tier II capital of not more than 100.00% of the Tier I capital. As at three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020 and 2019, our CRAR was 21.12% (Tier 1 Capital of 14.59%), 19.88% (Tier 1 Capital of 14.61%), 19.80% (Tier 1 Capital of 14.27%), 19.11% (Tier 1 Capital of 14.00%) and 16.40% (Tier 1 Capital of 10.51%), respectively. Currently, the RBI does not require small finance banks to provide any capital charge for operational risk and market risk. However, there can be no assurance that the RBI will not require small finance banks, including us, to provide capital charge for such risk in future and to migrate to Basel III approach for credit risk.

As we continue to grow our loan portfolio and asset base, we may be required to raise additional capital in order to continue to meet applicable CRARs with respect to our business. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favourable to us, or at all, which may adversely affect the growth of our business.

Maintenance of priority sector lending ("PSL") requirements

As a small finance bank, we are required to extend 75.00% of our adjusted net bank credit ("**ANBC**") to the sectors eligible for classification as PSL by RBI, such as agriculture, MSMEs, export credit, education, housing, social infrastructure and renewable energy. Furthermore, 40.00% of our ANBC is required to be allocated to different sub-sectors under PSL as per the PSL requirements. We can allocate the remaining 35.00% to any one or more sub-sectors under the PSL requirements. Vide its Governor's Statement dated May 5, 2021, the RBI announced that, until March 31, 2022, small finance banks are permitted to lend to registered micro-finance institutions with asset sizes up to ₹ 5.00 billion for on-lending to individual borrowers as PSL, whereas previously, lending by small finance banks to micro-finance institutions for on-lending was not reckoned for PSL classification. The PSL requirements applicable to a small finance bank are significantly higher than the PSL limits applicable to other scheduled commercial banks, which may limit our funding from securitizations and assignments to comply with such requirements. In case of any shortfall by us in meeting the PSL requirements, we would subsequently be required to place the allocated amount by RBI in an account with the NABARD under the Rural Infrastructure Development Fund Scheme, or with other institutions specified by the RBI, which may earn lower rates of interest, compared to other interest-bearing securities. Any failure to comply with PSL requirements may have an adverse effect on our business, financial condition, results of operations and cash flows.

Branches in unbanked rural centres

At least 25.00% of our total Branches are required to be located in unbanked rural centres. As at June 30, 2021, 27.04% of our total Branches were in unbanked rural centres.

Restrictions relating to the Equity Shares

The RBI In-Principle Approval, RBI Final Approval, SFB Licensing Guidelines and SFB Operating Guidelines require us to comply with certain restrictions relating to the Equity Shares, including, among others:

- We are required to be owned and controlled by residents of India in accordance with FEMA at all times from the date of commencement of our business;
- We are required to maintain a minimum paid-up Equity Share capital and a minimum net worth of ₹ 1,000 million;
- No Shareholder will be entitled to exercise voting rights in excess of 26.00% of the total voting rights of all Shareholders; and
- An investor proposing to acquire shares in our Bank (directly or indirectly) where the aggregate holding of such investor, their relatives, associate enterprise or persons acting in concert, entitles the investor to hold 5.00% or more of the paid-up share capital of our Bank or 5.00% or more of the voting rights in our Bank will need to apply for the RBI's approval.

3. ***COVID-19 has had and could continue to have an adverse effect on our business, results of operations and future financial performance.***

The World Health Organization (WHO) declared the outbreak of COVID-19 a global pandemic on March 11, 2020. The Government of India initiated a nation-wide lockdown from March 25, 2020 for three weeks on all services except for essential services (which included bank branches and ATMs), which was extended to May 31, 2020. Although the nation-wide lockdown was lifted on June 1, 2020, restrictions on non-essential activities and travel were imposed until August 31, 2020 in multiple states across specific districts that were witnessing increases in COVID-19 cases. On September 1, 2020, the Government's notification dated August 29, 2020 that all states to allow economic activities to function normally while continuing with restrictions only in containment zones came into effect.

India also witnessed a second wave of COVID-19, leading to state governments imposing curfews and lockdowns in an attempt to control the spread of COVID-19. In particular, in between April, 2021 and June, 2021, the Government of Punjab announced lockdowns and curfews which were extended after regular intervals, during which banks were permitted to remain open for a limited number of hours per day with minimal staff. Unlike the first wave, the second wave has hit both rural and urban demand and caused pandemic-related disruptions in the rural economy as well. (*Source: CRISIL Research Report*).

The effects of COVID-19, including lockdowns and restrictions, led to significant disruptions for individuals and businesses, including us, and adversely affected our operations including lending, collection of loan repayments and the acceptance of deposits, thereby adversely affecting our financial condition, results of operations and cash flows.

In addition, the RBI has issued guidelines on March 27, 2020 and April 17, 2020 in an effort to contain the impact of the COVID-19 pandemic on the financial services sector. Under these guidelines, all loans were eligible for moratoriums on instalments due during a period of three months, i.e. from March 1, 2020 to May 31, 2020. This was subsequently extended by another period of three months, i.e. until August 31, 2020, pursuant to RBI guidelines issued on May 23, 2020 (collectively, "RBI COVID Guidelines"). Accordingly, banks and other financial institutions were permitted to provide a moratorium of three months to be extended for another three months for all term loan instalments which were due for payment. Such moratorium period were to be excluded by the lending institutions (including SFBs) for calculating the number of days past-due for the purpose of asset classification under the income recognition and asset classification norms prescribed by the RBI, in respect of all accounts classified as standard as on February 29, 2020. Pursuant to the RBI COVID Guidelines, we granted a full or partial moratorium on the payment of all loan instalments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers who requested the moratorium. As at March 31, 2020, the Bank extended moratorium to all the eligible standard accounts, of which borrowers with approximately 83% of the total outstanding portfolio made full or partial repayments during the moratorium. As per the RBI's directions, loans that benefited from the moratorium were not classified as NPAs if the accounts had any instalments that fell overdue during the moratorium period. The respective amounts in SMA/overdue categories where the moratorium/deferment was extended as at March 31, 2020 was ₹ 641.00 million. The RBI circulars in relation to the moratorium required us to make provisions of up to 10.00% on loans that are subject to moratorium and that were overdue but standard as at February 29, 2020. Considering the prevailing uncertainty over our business due to the COVID-19 pandemic, we had provisions of ₹ 77.00 million as at March 31, 2020 against the potential impact of COVID-19 as additional provisions on standard assets (other than provisions held for restructuring under COVID-19 norms). While the provisions as at March 31, 2021 was in excess of the RBI prescribed norms, in view of the evolving COVID-19 situation, there is no assurance that the provisions created by the Bank will be sufficient and our Bank may be required to make additional provisions in the future. Further, any unexpected or onerous requirements or regulations resulting from the pandemic or any changes in laws, or the promulgation of new laws, rules and regulations relating to our operations as a response to the pandemic may have a material adverse effect on our business, financial condition and results of operations.

The Supreme Court of India in *Gajendra Sharma v. Union of India & Anr.*, vide its interim order dated September 3, 2020 directed banks that accounts that were not declared as NPAs at August 31, 2020 shall not be declared as NPAs until further orders. On March 23, 2021, in *Small Scale Industrial Manufactures Association v. Union of India and others,* the Supreme Court directed that the interim order granted on September 3, 2020 to not declare the accounts of borrowers as NPAs stands vacated. As per the RBI's notification dated April 7, 2021, for the period commencing September 1, 2020, asset classification for all such accounts shall be as per the applicable RBI asset classification norms.

On August 6, 2020, the RBI issued a circular that permitted lenders to implement a resolution plan, along with asset classification benefits, for eligible corporate and individual borrower segments. Lenders had to ensure that the resolution facility was provided only to borrowers impacted by COVID-19. The resolution facility was applicable for accounts classified as standard and not in default for more than 30 days as at March 1, 2020. The resolution plans had to be finalized by December 31, 2020, and implemented within 180 days from the date of invocation. Restructuring of loans has also been allowed for micro, small and medium enterprises ("**MSMEs**"). As at March 31, 2021, out of a total of ₹ 37,629.87 million of our gross advances, 2.25% of our advances, was subject to a resolution plan. In May 2021, the RBI announced several measures to protect MSMEs from the adverse impact of the second wave. The restructuring framework 2.0 was announced wherein individuals and MSMEs having an aggregate loan exposure of up to ₹ 250 million who have not availed restructuring under any of the earlier restructuring frameworks and who were classified as 'Standard' as on March 31, 2021 were allowed to restructure their loans. Restructuring under the proposed framework should be invoked by September 30, 2021 and must be implemented within 90 days after invocation. (*Source: CRISIL Research Report*).

On October 23, 2020, the Department of Financial Services, Ministry of Finance, Government of India announced the scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts, which mandates lending institutions, including our Bank, to make ex-gratia payments to borrowers with less than ₹ 20.00 million in total borrowings at all lending institutions by crediting, on or before November 5, 2020, the difference between simple interest and compound interest for the period between March 1, 2020 and August 31, 2020. Lending institutions could then make claims for reimbursement from the GoI on or before December 15, 2020, which we did. Our claim for such reimbursement is ₹ 18.11 million for Fiscal 2021, which had been paid as at March 31, 2021.

On March 23, 2021, in *Small Scale Industrial Manufactures Association v. Union of India and others*, the Supreme Court directed that there shall not be any charge of interest on interest/compound interest/penal interest for the period during the moratorium and any amount already recovered under the same head, namely, interest on interest/penal interest/compound interest shall be refunded to the concerned borrowers and to be given credit/adjusted in the next instalment of the loan account. In accordance with the instructions in the RBI notification dated April 7, 2021, we shall refund / adjust 'interest on interest' to all borrowers, including those who had availed of working capital facilities, during the moratorium period, irrespective of whether the moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' was finalised by the Indian Banks Association (the "**IBA**") in consultation with other industry participants/ bodies on April

19, 2021. As at March 31, 2021, we held a provision of ₹ 14.30 million, which was created by debiting interest income, to meet our obligation towards refunding interest on interest to eligible borrowers as prescribed by the RBI.

The COVID-19 pandemic resulted in our provision towards NPA/write offs increasing by ₹ 188.44 million, or 109.20%, to ₹ 361.01 million for Fiscal 2021 from ₹ 172.57 million for Fiscal 2020. Going forward, our customers may default on loans or other payment commitments which may cause our delinquency ratios to increase and asset quality to deteriorate.

The COVID-19 pandemic resulted in a decrease in the percentage increase of our Average Total Deposits. Our Average Total Deposits increased by 27.31% from ₹ 32,673.20 million for Fiscal 2019 to ₹ 41,597 million for Fiscal 2020 and increased by 17.83% to ₹ 49,015.30 million for Fiscal 2021.

As a result of the second wave of the pandemic, our collection efficiency was adversely affected in the last quarter Fiscal 2021 and first quarter of Fiscal 2022. For further details, see "*Our Business – Recent developments and the COVID-19 pandemic*" on page 148.

For more information on the effects of COVID-19, including the lockdowns and restrictions, on our business and on our financial condition, results of operations and cash flows as at and for three months ended June 30, 2021 and June 30, 2020 and Fiscals ended March 31, 2021 and 2020, see "*Our Business – Recent developments and the COVID-19 pandemic*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Material Developments after June 30, 2021*" on pages 148 and 325, respectively.

The audit reports on our audited financial statements for the three months ended June 30, 2021 and June 30, 2020 and Fiscal 2021 and Fiscal 2020 contain emphasis of matter noting the extent to which the COVID-19 pandemic will impact our advances and that our performance will depend on future developments, which are highly uncertain. We cannot assure you that our Statutory Auditors' observations for any future financial period will not contain similar remarks, emphasis of matters or other matters prescribed under Companies (Auditor's Report) Order 2020, and that such matters will not otherwise affect our results of operations.

The extent to which the COVID-19 pandemic and the related economic crisis continues to adversely affect our businesses, results of operations, financial condition and cash flows will depend on future developments that cannot be predicted, including the scope and duration of the pandemic, future actions taken by governmental authorities, central banks and other third parties in response to the pandemic, and the effects on our customers, counterparties, employees and third-party service providers, new information which may emerge concerning the severity of the coronavirus, spread of new strain of the coronavirus, and the actions taken globally to contain the coronavirus or treat its impact, effectiveness of the vaccine, among others. In addition to the risks discussed above, the COVID-19 pandemic exposes us to the following risks, the occurrence of any of which could have an adverse effect on our business, financial condition, results of operations and cash flows:

- A decrease in cash flows and income of borrowers and the value of savings of borrowers could cause borrowers to default on repayments of advances, thereby increasing our NPAs and our provisions, and result in a decrease of eligible potential borrowers for new loans, thereby adversely affecting new loans and hence future income.
- There could be a decrease in demand for our products due to lockdowns or other travel restrictions, an economic downturn or illness.
- An overall deterioration in the economy on account of pandemic may also lead to a reduction in the value of collateral provided for our loans, leading to higher than anticipated losses on default
- We may be unable to maintain sufficient liquidity given the uncertain scope and duration of the COVID-19 pandemic.
- We could incur increased costs to ensure that we comply with any health and safety rules or regulations adopted by the Government or state governments in response to the COVID-19 pandemic.
- There could be flight to safety to larger national banks since people tend to avoid depositing money in smaller Indian banks. This could have an impact on our CASA and could result in liquidity tightening.
- There could be another round of lockdowns by the govt, which will hamper economic activity and will have negative impact on our business and financials.

As a result of these uncertainties, the impact may vary significantly from that estimated by our management from time to time, and any action to contain or mitigate such impact, whether government-mandated or opted by us may not have the anticipated effect or may fail to achieve its intended purpose altogether.

4. ***We are exposed to operational and credit risks which may result in NPAs. If we are unable to control the level of NPAs in our portfolio effectively or if we are unable to improve or maintain our provisioning coverage as a percentage of gross NPAs, our business, financial condition, results of operations and cash flows could be adversely affected.***

Our ability to manage the credit quality of our loans, is significant for our results of operations. As at three months ended June 30, 2021 and June 30, 2020 and Fiscals ended March 31, 2021, 2020, 2019 and, our gross NPAs to gross advances were 2.48%, 1.85%, 2.08%, 1.76% and 1.30%, respectively. Our NPAs may increase in the future, due to several factors, including adverse effects on our borrowers' businesses, a rise in unemployment, slow business growth, a sharp and sustained rise in interest rate, slow industrial growth, impact of global pandemic or epidemic, political influences and central and state government decisions, changes in regulations, changes in customer behaviour and demographic patterns and central and state government policies and regulations (including agricultural loan waivers that may affect our agricultural portfolio in the short-term). In particular, we could experience a significant increase in our NPA levels due to deterioration in the credit quality of our customers, including the small traders, individuals with micro-enterprises, self-employed, and salaried customers, businessmen who do not have access to formal banking and finance channels and others belonging to the unorganized sector, who are most impacted due to the economic downturn caused by COVID-19. While we believe that we have appropriate internal controls, our credit monitoring and risk management policies and procedures may not be accurate, properly designed, or appropriately implemented or complied with by our customers, and we could suffer material credit losses. While we try to ensure strict adherence to our internally developed credit policy framework, our customers may, at times, not be able to provide us with requisite or complete information required in connection with our loan products, which may affect our customer on-boarding procedures. Further, our customers may face cash flow constraints due to losses incurred by them in their businesses or in the economic activities pursued by them, which could lead to a diversion of the loan proceeds for purposes other than those for which the loan was sanctioned. Any such cash flow constraints or diversion of loan proceeds may affect the ability of our customers to repay their loans, and in turn, our ability to recover the loans. In addition, even if our policies and procedures are accurate and appropriate, we may be unable to anticipate future economic or financial developments or downturns, which could lead to an increase in our NPAs. Further, the expansion of our business may cause our NPAs to increase and the overall quality of our loan portfolio to deteriorate. Any significant increase in NPAs may have an adverse effect on our financial condition, results of operations and cash flows.

Provisions for NPAs are created by a charge to our profit and loss account and are currently subject to minimum provisioning requirements, linked to the ageing of NPAs and other matters as specified in RBI circulars. In addition to the relevant regulatory minimum provisioning, we also consider our internal estimate for loan losses and risks inherent in the credit portfolio when deciding on the appropriate level of provisions. The determination of a suitable level of loan losses and provisions involves a degree of subjectivity and requires that we make estimates of current credit risks and future trends, all of which may be subject to material changes. Any incorrect estimation of risk may result in our provisions not being adequate to cover any further increase in the amount of NPAs or any further deterioration in our NPA portfolio. As at three months ended June 30, 2021 and June 30, 2020 and March 31, 2021, 2020, 2019, our provision coverage ratio was 42.36%, 31.46%, 46.14%, 29.50% and 28.67%, respectively. There can be no assurance that our provision coverage ratio will increase in the future. We may need to make further provisions if there is dilution/ deterioration in the quality of our security or down-grading of the account or recoveries with respect to such NPAs do not materialize in time or at all. Accordingly, if we are unable to control the level of our NPAs, it would have an adverse effect on our financial condition, results of operations and cash flows.

5. ***We may be impacted by volatility in interest rates, which could cause our Net Interest Margin to decline and adversely affect our results of operations and cash flows.***

Our results of operations are substantially dependent upon the amount of our Net Interest Income. Our Net Interest Income for the three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020 and 2019, was ₹ 570.49 million, ₹475.25 million, ₹ 1,986.11 million, ₹ 1,726.23 million and ₹ 1,351.40 million respectively which was 83.89%, 85.11%, 81.24%, 80.07% and 81.19% of our net total income. Our interest earning assets are our advances and investments. The changes in market interest rates may affect the interest rates we charge on our interest-earning assets differently from the interest rates we pay on our interest-bearing liabilities and may also affect the value of our investments. Our Net Interest Income is significantly dependent on our average performing advances for a particular period and our Net Interest Margin. Our interest-bearing liabilities are our deposits and our borrowings. As at March 31, 2021, 35.97% of our advances and 99.87% of our investments were on fixed interest rates and 64.03% of our advances were on floating interest rates. As at March 31, 2021, 96.04% of our deposits and 100% of our borrowings were on fixed interest rates. Further, volatility in interest rates will impact the value of the fixed income portfolio and also affect income from our treasury operations.

Interest rates are highly sensitive and volatility in interest rates could be a result of many factors, including the RBI's monetary policies, deregulation of the financial services sector in India, domestic and international economic and political conditions, inflation and economic policies in India.

Any change in interest rates or their volatility would affect our interest expense on our floating interest-bearing liabilities as well as our net interest income and Net Interest Margin. Any increase in our cost of funds may lead to a reduction in our Net Interest Margin or require us to increase interest rates on loans disbursed to customers in the future to maintain our Net Interest Margin. In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, and conversely, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our Net Interest Income and Net Interest Margin would be adversely impacted. While any reduction in the interest rates we pay on our deposits and borrowings may be passed on to customers for our loans, we are unable to pass on any increase in interest rates at which we lend to our customers who have existing loans on fixed interest rates. Competitive pressure may also require us to reduce the interest rates at which we lend to our customers without a proportionate reduction in interest rates at which we raise funds. Our customers may also prepay their loans to take advantage of a declining interest rate environment. An increase in the interest rates charged by us on our advances could result in our customers, particularly those with variable interest rate loans, prepaying their loans if less expensive loans are available from other sources.

In addition, as a result of the RBI-mandated reserve requirements, we are also more structurally exposed to interest rate risks than banks in many other countries. Under the RBI regulations, our liabilities are subject to the SLR requirement such that a minimum specified percentage, currently 18.00%, of a bank's net demand and time liabilities must be invested in cash, gold Government securities and other RBI approved securities, in accordance with RBI CRR SLR Regulations. These securities generally carry fixed coupons and, in an environment of rising interest rates, the value of Government securities and other fixed income securities decline. Fixed rate bonds represented 99.87% of our SLR portfolio as at March 31, 2021.

There can be no assurance that we will be able to adequately manage our interest rate risk in the future, which could have an adverse effect on our Net Interest Income and Net Interest Margin and could, in turn, have an adverse effect on our financial condition, results of operations and cash flows.

6. ***We are involved in certain legal proceedings, any adverse developments related to which could adversely affect our reputation, business and cash flows.***

There are outstanding legal proceedings involving our Bank. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. We cannot assure you that these proceedings will be decided in our favour. Brief details of material outstanding litigation that have been initiated by and against our Bank are set forth below.

Litigation against our Bank

Type of proceeding	Number of cases	Amount, to the extent quantifiable (₹ in million)
Criminal cases	Nil	-
Material civil cases	1	13.75
Taxation matters	1	12.21
Outstanding actions by regulatory and statutory authorities	Nil	-

Litigation by our Bank

Type of proceeding	Number of cases	Amount, to the extent quantifiable (₹ in million)
Criminal cases	134	108.37
Material civil cases	16	470.78
Taxation matters	Nil	Nil

The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which would increase our expenses and current liabilities. Further, such legal proceedings could divert our management's time and attention and cause us to incur expenses. Any adverse decision in any of these proceedings may have an adverse effect on our business, results of operations and financial condition.

For further information, see "*Outstanding Litigation and Material Developments*" on page 329.

7. ***We incur significant operating expenses and any increase in these operating expenses without a corresponding increase in income will adversely affect our financial condition, results of operations and cash flows.***

For three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020, 2019, our operating expenses as a percentage of our net total income, which represents interest earned minus interest expended plus non-interest income was 66.79%, 72.10%, 70.75%, 75.77%, and 79.41%, respectively. Our material fixed operating expenses are: (i) payments to and provisions for employees, which represented 36.91%, 38.05%, 36.99%, 39.26% and 39. 56% of our net total income for the three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020, 2019 respectively; (ii) rent, taxes and lighting and insurance which represented 12.24%, 13.98%, 13.47%, 14.25% and 15.49% respectively of our net total income for the three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020, 2019; and (iii) depreciation and repairs on our property, which represented 7.99%, 9.42%, 9.26%, 9.53% and 8.55% of our Net total income for three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020 and 2019, respectively. Any increase in our operating expenses without a corresponding increase in net total income will adversely affect our financial condition, results of operations and cash flows.

8. ***Our business is currently significantly dependent on banking operations in rural and semi-urban areas and any adverse developments in the banking and finance sector in these areas could adversely affect our business, financial condition, results of operations and cash flows.***

We had 29,347, 25,965, 29,167, 26,635 and 22,057 borrowers from rural and semi-urban areas as at three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020 and 2019 which represented 73.66%, 75.26%, 74.80%, 75.29% and 78.08% of our total borrowers. Further, as at three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020 and 2019, we had 418,396, 374,524, 406,429, 369,746 and 327,583 depositors, respectively, from rural and semi-urban areas which accounted for 77.82%, 78.74%, 77.94%, 78.82% and 80.34% of our total depositors. Demand for our loans is affected by a number of factors, including changes in regulations and policies, any adverse publicity or litigation relating to the sector, public criticism of the banking sector in general, infrastructural issues and competition from established public sector and regional rural banks. Any decline in the demand for our loans would adversely affect our business, financial condition, results of operations and cash flows.

As at June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020, 2019, the percentage of our gross non–performing assets ("**GNPAs**") from rural and semi-urban areas were 1.61%, 1.24%, 1.37%, 1.15% and 1.34% respectively. Our borrowers' ability to repay their loans depends on various factors, including, the results of operations of our borrowers' businesses, the occurrence of event-based risks and natural calamities, such as floods and cyclones, this could lead to an increase in our gross NPAs and adversely affect our business, financial condition, results of operations and cash flows.

9. ***We depend on our brand recognition. Any negative publicity or our inability to further enhance awareness about our brand could damage our reputation and, in turn, affect our business, financial condition, results of operation and cash flows.***

Reputation risk is the risk of the loss arising from the adverse perception of the image of our Bank by our customers, counterparties, investors, or regulators. This is particularly relevant as our business involves ensuring customers that we are credible and can offer secured services expected by the customers. This risk typically follows once other risks materialize. It compounds the effect of other risks, such as strategy, fraud and regulatory risks. We have invested in promoting our brand to make it familiar with our customers in the locations where we have our operations, and we expect to continue to invest in increasing our brand awareness. With the market becoming increasingly competitive, we believe that maintaining and enhancing our brand will become more important for our business. Further, reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. If we experience any negative publicity, it could adversely affect our brand and ability to attract and retain customers. The reputation of the financial services industry in general has been closely monitored as a result of the financial crisis and other matters affecting the financial services industry. Negative public opinion about the financial services industry generally or us specifically could adversely affect our ability to keep and attract customers and expose us to litigation and regulatory action. Negative publicity can result from our actual or alleged conduct in any number of activities, including lending practices and specific credit exposures, the level of non-performing loans, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government, regulators, investigative agencies, judiciary and community organizations in response to that conduct.

Furthermore, we distribute several third-party products, including life insurance, general insurance, health insurance and the National Pension System. We have no control over the actions of such third parties. Any regulatory action taken against or any adverse publicity relating to such third parties could, in turn, result in negative publicity about us and adversely impact our reputation.

A public perception that we do not provide satisfactory services to customers, even if factually incorrect or based on isolated incident or based on the aggregate effect of individually insignificant incidents, could damage our reputation, undermine the trust and credibility we have established and have a negative impact on our ability to attract new customers. While we have not experienced yet, such instances could adversely impact our business, cash flows, financial condition and results of operations.

Reputational risks, if materialized, will affect our ability to establish new relationships or services or continue servicing existing relationships. This risk may expose us to litigation, financial loss, or a decline in our customer base. Reputational risk exposure is present throughout our Bank and includes the responsibility to exercise abundant caution in dealing with our customers and the community.

10. ***While certain of our trademarks used by us for our business are registered, any inability to protect our intellectual property or know how from third party infringement may adversely affect our business and prospects.***

We have registered our earlier logo and have filed an application for registration of our current logo under classes 9, 36 and 42 (collectively, the "**Trademarks**").

We have also applied for registration of 'Capital Mobile Bank Connect', Capital Mobile +, Capital Mobile Plus' trademarks under various classes which is pending at various stages with the regulatory authorities in India. With respect to our trademarks that have been applied for and/or objected or opposed, we cannot assure you that we will be successful in such a challenge nor can we guarantee that eventually our trademark will be registered in our name. For example, our wordmark 'capital small finance bank' was refused under class 36 in the past due to similarity with an already registered wordmark, which was registered with our bank in the name of capital local area bank, and we had re-applied for registration which is pending with the relevant authorities. As a result, we may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection until such time that this registration is granted.

We cannot guarantee that any of our registered or unregistered intellectual property rights or our know-how, or claims thereto, will now or in the future successfully protect what we consider to be the intellectual property underlying our products and business, or that our rights will not be successfully opposed or otherwise challenged. We also rely on technical knowledge, product information, industry data and market "knowhow" that cannot be registered and is not subject to any confidentiality or nondisclosure clauses or agreements. If such know-how is leaked to third parties, this could erode our competitive advantage. For further details on our intellectual property, see "*Government and Other Approvals – Intellectual Property*" on page 337.

11. ***Our Bank had made certain allotments of Equity Shares in the past and these allotments were made to more than 49 investors.***

During the Financial Year 2004-2005, our Bank had made a total of 14 allotments of Equity Shares in multiple tranches with each tranche of not more than 49 allottees to an aggregate of 402 allottees (which includes 395 distinct persons). These allotments (on a consolidated basis) were considered not in compliance with the then applicable laws relating to issuance and allotment of securities. The details of the allotments made in the Financial Year 2004-2005 are set out below:

Sr. No.	Date of Board Meeting	No. of Equity Shares allotted	No. of allottees
1.	May 1, 2004	213,100	45
2.	May 7, 2004	190,000	46
3.	May 18, 2004	298,900	49
4.	May 25, 2004	164,900	47
5.	May 29, 2004	164,400	43
6.	June 2, 2004	127,200	46
7.	June 16, 2004	1,770,500	18
8.	June 22, 2004	322,275	33
9.	June 27, 2004	840,100	40
10.	June 29, 2004	83,000	18
11.	September 4, 2004	160,700	11
12.	January 31, 2005	200,000	1
13.	February 26, 2005	35,500	4
14.	March 28, 2005	1,000	1
		4,571,575	**402**

In terms of the first proviso to Section 67(3) of the Companies Act, 1956, an offer or invitation for subscription of shares made to more than 49 persons was deemed to be a public offering, requiring compliance with the relevant provisions governing public offerings under applicable law including the Companies Act, 1956, the SEBI Act, the SCRA and the respective rules, regulations, guidelines and circulars issued thereunder.

Post notification of the Companies Act, 2013, SEBI, by way of its circular CIR/CFD/DIL3/18/2015, dated December 31, 2015 (the "**2015 Circular**") and circular CFD/DIL3/CIR/P/2016/53, dated May 3, 2016 (the "**2016 Circular**", and such circulars, together with the press release dated November 30, 2015, the "**SEBI Circulars**"), provided that companies involved in issuance of securities to more than 49 persons but up to 200 persons in a financial year may avoid penal action subject to fulfilment of certain conditions. Such conditions include, inter alia, an option to surrender such securities being provided to the current holders of the securities at an exit price, which is not less than the subscription amount along with interest at the rate of 15% p.a. (net of amounts already paid to such allottees as interest, dividend or otherwise).

Since the abovementioned allotments (on a consolidated basis) made by us were considered non-compliant with the applicable laws at the time of such allotments, our Board, *vide* a resolution passed at its meeting held on February 11, 2021 and resolutions of the securities committee of the Board dated March 22, 2021, voluntarily decided to authorise one of our Promoters, Sarvjit Singh Samra, to provide an exit offer in the form of an invitation to offer to 470 identified Shareholders who held eligible Equity Shares to purchase up to 58,98,277 Equity Shares (excluding the Equity Shares held by our Managing Director and Chief Executive Officer) in accordance with the SEBI Circulars. In accordance with the SEBI Circulars, the Promoter made the exit offer in compliance with the SEBI Circulars and the same was certified by H.S. Makkar & Co., Chartered Accountants on January 27, 2021 at an exit price of ₹ 120 per Equity Share (based on book value as on December 31, 2019) ("**Compliance Certificate**"). Further, the exit offer period was kept open between September 1, 2020 and November 30, 2020 in accordance with the SEBI Circulars.

We have subsequently filed a compounding application before the National Company Law Tribunal, Chandigarh bench on June 2, 2021 (re-filed on July 5, 2021), for any deemed breach of the threshold undertaken by our Bank erroneously and under a bona fide mistake, and a settlement application before the SEBI on September 2, 2021 (which was physically submitted on September 8, 2021), voluntarily.

There can be no assurance that SEBI or any other regulatory authority or court will not take any action or initiate proceedings against our Bank, Promoters, Directors and other officers in respect of the abovementioned allotments in the future. Any such proceeding or action which may be initiated in the future may divert management time and attention and may subject us to further regulatory consequences which may have an adverse effect on our business, finances and results of operations.

12. ***If we are unable to secure funding on acceptable terms and at competitive rates when needed, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

Our funding requirements historically have been met from a combination of shareholder capital and funds generated from, deposits, borrowings from other institutions, subordinated debt, borrowings from other banks and perpetual debt instruments. Unless we are able to access the necessary amounts of additional capital, any incremental capital requirement may adversely impact our ability to grow our business and may even require us to curtail or withdraw from some of our current business operations. There can also be no assurance that we will be able to raise adequate additional funding in the future on terms favourable to us, or at all, and this may hamper our growth plans, apart from those that can be funded by internal accruals.

Our ability to continue to meet customer demand for new loans will depend primarily on our ability to raise funds through deposits, including savings and current account deposits and term and recurring deposits, and refinancing on suitable interest rates and terms, and in a timely manner. In addition, our inability to diversify our funding sources or to raise funds through deposits, including savings and current account deposits and term and recurring deposits as source of funds may increase our exposure to adverse market risks. Our ability to raise such funds on competitive terms in the future will depend on various factors including our credit ratings, macroeconomic factors, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for debt and equity securities of SFBs, and our current and future results of operations, financial condition and cash flows.

Furthermore, Brickworks has rated the Upper Tier II (Series XI and XIII) and Lower Tier II (Series XVII) bonds issued by us in the form of a subordinated debt instrument as "BWR A+ (Stable)", which were re-affirmed vide letter dated March 31, 2021 issued by Brickworks.

Any downgrade in our debt ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our profitability, future issuances of debt and our ability to raise new capital on a competitive basis, which may adversely affect our business, financial condition, results of operations and cash flows.

13. ***The Indian finance industry is intensely competitive and if we are unable to compete effectively it would adversely affect our business, financial condition, results of operations and cash flows.***

We have a limited operating history as an SFB and the success of our banking operations depends on a number of factors, including the demand for our services and our ability to compete with other banks and financial institutions effectively. The banking and financing sector in India is highly competitive and we face competition in all our principal areas of business. We face our most significant organized competition from other SFBs, NBFCs and cooperative banks which have significant presence in rural and semi-urban areas, public sector banks, private sector banks, housing finance companies and other financial services companies in India. In addition, many of our potential customers in economically weaker segments do not have access to any form of organized institutional lending, and rely on loans from informal sources, especially moneylenders, landlords, local shopkeepers and traders, at higher interest rates. In the organized sector, our competitors may have a better brand recognition, greater business experience, more diversified operations, greater customer and depositor base, wider network of branches and better access to, and lower costs of funding than we do. Further, the RBI issued Guidelines for On-Tap Licensing of SFBs in the Private Sector on December 5, 2019, which permits applicants to apply for SFB license to the RBI at any time, subject to fulfilment of certain eligibility criteria and other conditions. We anticipate that this will increase competition within small finance banks operating in India, including our Bank. Further, consolidation in the industry driven by the merger of other banks is likely to further increase competition by creating larger, more homogeneous and potentially stronger competitors in the market. Increase in operations of existing competitors or entry of additional banks offering similar or a wider range of products and services could also increase competition. Further, with the advent of technology-based initiatives and alternative modes of banking, we may face increased competition in this sector, which may in turn impact our revenues and profitability. We may also face competition from specialized fintech companies who could disrupt our origination, sales and distribution process. Our inability to compete effectively may adversely affect our business, results of operations financial condition and cash flows.

Due to competitive pressures, we may be unable to successfully execute our growth strategy and offer products and services at reasonable returns and this may adversely impact our business, future financial performance and the trading price of the Equity Shares. See "*Our Business – Competition*" on page 159. If we are unable to compete effectively, it would adversely affect our business, financial condition, results of operations and cash flows.

14. ***There have been instances of delays and defaults in the payment of statutory dues by our Bank in the past.***

The table below sets forth details of delays and defaults in payment of statutory dues by our Bank in the past. While we have discharged all such payments as of the date of this Draft Red Herring Prospectus, we cannot assure you that there will be no further delays or defaults in payment of statutory dues in future.

Nature of statutory due	Period	Amount Delayed (in ₹ million)	Period of delay (in days)
Provident fund	May 2021	0.59	1
Provident fund	November 2019	5.44	3

15. ***If we fail to effectively manage our growth or implement our growth strategies, our business may be adversely affected.***

We have witnessed growth in our business. Our total gross advances were ₹ 36,808.49 million, ₹ 31,632.31 million, ₹ 37,629.87 million, ₹ 33,255.66 million and ₹ 26,087.81 million, as at three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020 and 2019 respectively. Our total deposits were ₹ 54,829.03 million, ₹ 46,869.22 million, ₹ 52,210.70 million ₹ 44,466.23 million and ₹ 36,672.58 million, as at three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020, 2019 and, respectively.

We have also witnessed growth in our Branches. As at three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020 and 2019, we had 159 Branches, 150 Branches, 158 Branches, 150 Branches and 129 Branches.

We intend to deepen our distribution within the states and territories we operate in while expanding into new geographies, among other things, opening additional Branches. Our inability to open new branches will directly have an impact on our financial performance and our newly opened Branches may not be profitable immediately upon their opening. We also intend to deepen our distribution within the states and territories we operate in opening more customer service centres, entering into relationships with business correspondent entities and banking agents and adding ATMs. For details, see "*Our Business - Our Strategies - Delivery Channels*" on page 154. As we plan to deepen our distribution within the states and territories we operate in, our business may be exposed to additional challenges, including obtaining additional governmental or regulatory approvals, successfully marketing our products in markets in which we have no familiarity, attracting customers in a market in which we do not have significant experience or visibility, maintaining standardized systems and procedures, adapting our marketing strategy and operations to new markets in India in which different languages are spoken, higher technology costs, upgrading, expanding and securing our technology platform in new Branches, operational risks, including integration of internal controls and procedures, compliance with KYC, AML, CFT and other regulatory norms, ensuring customer satisfaction, recruiting, training and retaining skilled personnel, failure to manage third-party service providers in relation to any outsourced services and difficulties in the integration of new Branches with our network of existing Branches.

To address these challenges, we may have to make significant investments that may not yield desired results or incur costs that we may not be able to recover. If we are unable to implement such growth strategies, our business, financial condition, results of operations and cash flows will be adversely affected. Further, we will need to enhance and improve our financial, accounting, information technology, administrative and operational infrastructure and internal capabilities in order to manage the future growth of our business. We may not be able to implement the necessary improvements in a timely manner, or at all, and we may encounter deficiencies in existing systems and controls.

16. ***If we fail to maintain our CASA Ratio, we may have a higher cost of funds than our primary competitors, which could adversely affect our ability to grow and compete for market share for loans unless we decrease our Net Interest Margin.***

Since commencing our operations as a Small Finance Bank with effect from March 4, 2016, we have placed a strong emphasis on increasing our demand (current accounts) and savings accounts (together referred to as "**CASA**"), as they tend to provide a stable and low-cost source of deposits compared to term deposits. We have been able to build a strong deposit franchise over the years and our CASA deposits as on June 30, 2021 and March 31, 2021 were ₹ 22,194.46 million and ₹ 20,926.34 million representing a CASA ratio of 40.48% and 40.07%, respectively. We pay no interest on demand (current accounts) and we pay a lower average rate of interest on savings accounts compared to term deposits. As at June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020 and 2019, our total deposits were ₹ 54,829.03 million, ₹ 46,869.22 million, ₹ 52,210.70 million, ₹ 44,466.23 million, ₹ 36,672.58 million. Our Cost of Average CASA was 3.47%, 3.55%, 3.60% for Fiscals 2021, 2020, 2019 and our Cost of Average Term Deposits was 7.07%, 7.64% and 7.33% for Fiscals 2021, 2020 and 2019. Our CASA increased from ₹ 14,078.36 million as at March 31, 2019 to ₹ 20,926.34 million as at March 31, 2021, representing a CAGR of 21.92%. One of our strategies is to strengthen our liability franchise which would require an increase in our CASA Ratio in order to reduce our cost of funds. For details, see "*Our Business – Our Strategies - Strengthen our liability franchise*" on page 147. If we are unable to maintain our CASA Ratio, we may have a higher cost of funds than our competitors, which could adversely affect our ability to compete for market share for loans unless we decrease our Net Interest Margin. While we believe that the interest rate a borrower will be charged on a loan is not the only consideration a borrower takes into account when deciding between competing offers, we believe it is an important consideration. Therefore, if we are unable to maintain our CASA Ratio, it could adversely affect our business, financial condition, results of operations and cash flows.

17. ***We may incur losses due to a decline in the value of collateral obtained as security for the loans disbursed by us and our inability to seize and recover the full value of collateral may adversely affect our business, results of operations, financial condition and cash flows.***

We primarily disburse loans that are secured and follow procedures to evaluate the credit profiles of our customers which involves a multi-level review of the exposures along with a well-defined matrix for assessment which is dependent on the risk profile proposal of the customer, including the mandatory checks of credit bureau verification, review of defaulters list and check on frauds. However, the value of the collateral obtained by us may decline during the tenure of the loan for reasons including depreciation and deterioration of the collateral. As a result, if our customers default, we may receive less money from liquidating the collateral than is owed under the relevant financing facility, and incur losses, even in cases where we are able to successfully seize and liquidate the collateral. While we require customers to have a guarantor, we may be unable to enforce such guarantees. Further, the collateral for our MSME and SME loans primarily includes mortgage over our customers' residential or commercial property and we are therefore exposed to adverse movements in the price of such immoveable property and the real estate market in general. The value of collateral may decline due to adverse conditions or due to downward movement in real estate prices. Further, as at three months ended June 30, 2021 and Fiscal ended March 31, 2021, we had a direct exposure in relation to lending secured by commercial real estate of ₹ 1,942.13 million and ₹ 1,992.51 million. For further details, see "*Financial Statements*" on page 225. We cannot assure you that we will be able to successfully seize the collateral in the event of customer default and may face delays and incur legal and administrative costs in the repossession and sale of the collateral.

18. ***We rely extensively on and upgrade our information technology systems and any disruptions in such systems, or breach of data, could adversely affect our operations and reputation. Further, our success depends on our ability to respond to new technological advances.***

We are reliant on IT systems in connection with, but not limited to, financial controls, risk management and transaction processing. The size and complexity of our computer systems may make them potentially vulnerable to breakdown, system integration problems, malicious intrusion and computer viruses. Our business, financial, accounting, data processing systems or other operating systems and facilities may stop operating properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control, such as surges in customer transaction volume, utility disruptions or failures, natural disasters, diseases, pandemics, events arising from political or social matters and terrorist attacks. Although we have not experienced any significant disruptions to our information technology systems in the past, we cannot assure you that we will not encounter disruptions in the future. Further, while we have procedures to monitor for and prevent system failures, and to recover from system failures in the event they occur, there is no guarantee that these procedures will successfully prevent a system failure or allow us to recover quickly from a system failure.

Our on-line delivery channels are subject to various risks, such as network connectivity failure, information security issues and browser compatibility issues. We may also be subject to disruptions of our IT systems arising from events that are wholly or partially beyond our control (including, for example, damage or incapacitation by human error, natural disasters, electrical or telecommunication outages, sabotage, computer viruses, hacking, cyber-attacks or similar events, or loss of support services from other third parties, such as internet backbone providers). The RBI carried out an examination of our Bank's IT systems and processes in March 2021 and identified certain deficiencies. We have responded to such observations and have complied with, or are in the process of complying with them. See also, "- *We are subject to inspections by various regulatory authorities, including by the RBI. Inspection by the RBI is a regular exercise for all banks and financial institutions. Non-compliance with the observations of such regulators could adversely affect our business, financial condition, results of operations and cash flows*" on page 43. In the event we experience material interruptions in our IT systems in the future, this could give rise to deterioration in customer service and to loss or liability to us and it could adversely affect our business, financial condition, results of operations and cash flows.

In addition, our success will depend, in part, on our ability to respond to new technological advances and emerging banking and other financial services industry standards and practices in a cost effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction processing systems to customer requirements or improving market standards.

19. ***We may face cyber threats attempting to exploit our network to disrupt services to customers and/ or theft of sensitive internal data or customer information, which may cause damage to our reputation and adversely affect our financial condition, results of operations and cash flows.***

Our businesses rely on our secure processing, transmission, storage and retrieval of confidential, proprietary and other information in our computer and data management systems and networks and in the computer and data management systems and networks of third parties. To access our products and services, our customers may use personal smartphones, tablets, laptops, PCs, and other mobile devices that are beyond our control systems and subject to their own cybersecurity risks. Given our reliance and focus on technology and our presence in geographies, our technologies, systems, networks, and our customers' devices are subject to security risks and are susceptible to cyber-attacks (such as, denial of service attacks, hacking, terrorist activities or identity theft) that could negatively impact the confidentiality, integrity or availability of data pertaining to us or our customers, which in turn may cause direct loss of money to our customers or to us, damage to our reputation and adversely impact our business and financial results. Third parties with which we do business or that facilitate our business activities could also be sources of operational and information security risk to us, including from breakdowns or failures of their own systems or capacity constraints.

We offer online banking services to our customers. Our online banking channel includes multiple services, such as electronic funds transfer, bill payment services, usage of cards on-line, requesting account statements, and requesting cheque books. We are therefore exposed to various cyber threats, including (a) phishing and Trojans targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt exfiltration of account sensitive information; (b) hacking, wherein attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; (c) data theft, wherein cyber criminals may attempt to enter our network with the intention of stealing our data or information; (d) advanced persistent threat, a network attack wherein an unauthorized person gains access to our network with the intention to steal our data or information rather than to cause damage to our network or organization and remains undetected for a long period of time; (e) ransomware, wherein attackers may deny us access to our network, or threaten to release our internal or our customer's data, unless a ransom is paid; and (f) card skimming, wherein attackers use a device, such as one they illegally affix to our ATMs, to steal our customers' card data and then sell it or use it to make fraudulent purchases. In addition, we also face the risk of our customers incorrectly blaming us and terminating their accounts with us for any cyber security breaches that may have occurred on their own system or with that of an unrelated third party. If we become the target of any of cyber-attack, it may materially and adversely affect our business, financial condition, results of operations and cash flows. Cyber security breaches could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of personal information (including sensitive financial and personal information) of our customers and employees.

In view of the COVID-19 pandemic, work-from-home with suitable controls has been enabled for our employees, other than at the branches, which continue to function as banking is classified as an essential service. This may expose us to risks arising on account of remote work environment, data security issues, increased cyber-attacks and availability of critical functions and IT systems. Our customers could also be exposed to increased phishing and vishing attacks that could result in a financial loss to them, and in turn lead to claims for compensation from the Bank or reputation loss for the Bank. Moreover, in the absence of any data protection laws in India, such private information stored in our database may be vulnerable and susceptible to data breaches.

Although we intend to continue to implement security technology and establish operational procedures to prevent break-ins, damage and failures, there can be no assurance that instances of IT infringements and security breaches will not take place in the future or that our security measures will be adequate or successful. Any cyber security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability. While we have yet not experienced, a significant system breakdown or system failure caused by intentional or unintentional acts may have an adverse impact on our revenue-generating activities and lead to financial loss.

20. ***We may be unable to maintain or renew our statutory and regulatory permits, licences and approvals required to operate our business.***

We require certain statutory and regulatory permits and approvals to operate our business. These include approvals from the RBI for various aspects of our banking operations (including for services such as NEFT, RTGS and foreign exchange dealing), approvals to commence and operate mobile banking services and registrations from other regulatory authorities, such as the IRDAI for acting as a Corporate Agent (Composite) and PFRDA to transact in pension schemes. We may not, at all points of time, have all approvals required for our business. Further, in relation to our Branches, certain approvals may have lapsed in their normal course and our Bank has either made an application to the appropriate authorities for renewal of such registration or in the process of making such application. For instance, we have made the renewal applications for the shops and establishment registrations for our Branches at the following locations:

S. No.	Address of the Branch
1.	G.T. Road, Bhogpur Jalandhar
2.	G.T. Road, Near Sherpur Flyover Bridge, Jagraon
3.	SCO No. – 5960, Sector 9D, Madhya Marg, Chandigarh
4.	G.T. Road, Moga, Punjab
5.	B 1579/A/1, Vishkarma Chowk, Millerganj, Ludhiana
6.	Creative Park, New Gobind Nagar, G.T. Road, Bye Pass, Jalandhar
7.	Dharamkot Road, Kot Ise Khan, Dharamkot
8.	Mahilpur Road, Opposite Court Complex, Garhshankar, Hoshiarpur
9.	Nawanshahr, Banga Road
10.	New City Tower, Banga Road
11.	Main Road, Fatehgarh Sahib
12.	Samrala Road, Machhiwara, Ludhiana,
13.	Faridkot Road, Faridkot
14.	1-2 B, Caliber Market, Rajpura
15.	Machhiwara Road, Rahon, Nawanshahr, Ludhiana
16.	Dhangu Road, Pathankot
17.	G.T Road, Near Bus Stand, Raikot
18.	Club Chowk, Malerkotla
19.	B-25-1284/96A, Sunder Nagar, Rahon Road, Ludhiana
20.	G. T. Road, Malout
21.	Pakka College Road, Barnala
22.	New Court Road, Mansa
23.	SCO No. – 68 and 69, New Grain Market, Muktsar
24.	Moga, Kotkapura, Road Bagha, Purana
25.	SCO No. – 1074-1075, Sector – 22B, Himalaya Marg, Chandigarh
26.	SCO No. – 1&2 NH-21, Chandigarh Road Kurali, Tehsil Kharar
27.	B-XI-3, Main Road, Dogar Basti, Faridkot
28.	Ferozpur Road Zira, Ferozpur
29.	Bank Road Dhuri, Sangrur,
30.	Patiala Road, Nabha, Patiala,
31.	Factory Road, Rampura Phul, Bathinda
32.	498/6, Tibri Road, Gurdaspur
33.	Hall Bazar, Amritsar
34.	SCO No. – 17, Puda Complex, Old Civil Hospital, Ferozepur
35.	Hoshiarpur Road, Opposite Khehra Filling Station, Rama Mandi
36.	B-31-372, 'Star Trade Centre', Near Samrala Chowk, Chandigarh Road
37.	EJ- 350, Milap Chowk
38.	Makhu Road, Mallanwala Khass
39.	Near Bus Stand, Opposite Petrol Pump, Bhulath - Kartarpur Road, Bhulath

Our RBI In-Principle approval and RBI Final Approval also require us to comply with certain terms and conditions. In the event that we are unable to comply with any or all of these terms and conditions, or seek waivers or extensions of time for complying with these terms and conditions, it is possible that the RBI may revoke this licence or may place stringent restrictions on our operations. This may result in the interruption of all or some of our operations. If we fail to obtain, renew or maintain the required permits, licences or approvals, including those set out above, we could be subjected to penalties by the relevant regulatory authorities, which may result in the interruption of our operations or delay or prevent our expansion plans and may have an adverse effect on our business, financial condition, results of operations and cash flows.

21. ***We may face asset liability mismatches, which could affect our liquidity and consequently may adversely affect our financial condition, results of operations and cash flows.***

We may face liquidity risks due to mismatches in the maturity of our assets and liabilities. For details on the maturity profile of our liabilities and assets as at June 30, 2021, see "*Selected Statistical Information –Asset Liability Gap*" on page 223. If we rely on funding options with a short-term maturity period for extending long-term loans, which may lead to an asset liability mismatch for certain periods. Mismatches between our assets and liabilities are compounded in case of pre-payments of the advances we grant to our customers. Further, asset liability mismatches create liquidity surplus or liquidity crunch situations and depending upon the interest rate movement, such situations may adversely affect our Net Interest Income. If we are unable to obtain additional borrowings or renew our existing credit facilities for matching tenures of our loan portfolio in a timely and cost-effective manner or at all, it may lead to mismatches between our assets and liabilities, which could adversely affect our financial condition, results of operations and cash flows.

22. ***Deterioration in the performance of any industry sector in which we have significant exposure may adversely affect our financial condition, results of operations and cash flows.***

The following table presents our sector-wise outstanding gross advances and the proportion of these advances to our outstanding advances as at the dates indicated.

Particulars	**As at March 31,**						**As at June 30,**			
	2019		**2020**		**2021**		**2020**		**2021**	
	Advances (₹ in million)	**% of Total**	**Advances (₹ in million)**	**% of Total**	**Advances (₹ in million)**	**% of Total**	**Advances (₹ in million)**	**% of Total**	**Advances (₹ in million)**	**% of Total**
Agricultural and Allied Activities	9,856.36	37.78%	12,744.44	38.32%	14,232.11	37.82%	11,463.32	36.24%	13,576.07	36.88%
Advances to MSME and trading Sector	7,784.29	29.84%	8,895.12	26.75%	9,730.45	25.86%	8,660.79	27.38%	9,597.98	26.08%
Mortgage Loans	4,104.42	15.73%	6,396.88	19.24%	8,096.45	21.52%	6,342.68	20.05%	8,339.01	22.66%
Others	4,342.74	16.65%	5,219.22	15.69%	5,570.86	14.80%	5,165.52	16.33%	5,295.43	14.38%
Total Gross Advances	**26,087.81**	**100.00%**	**33,255.66**	**100.00%**	**37,629.87**	**100.00%**	**31,632.31**	**100.00%**	**36,808.49**	**100.00%**

In addition to the above we may also enter any new sector to grow our operations. Despite monitoring our level of exposure to sectors and borrowers, any significant deterioration in the performance of a particular sector in which we may have significant exposure driven by events not within our control, such as natural calamities, regulatory action or policy announcements by central or state government authorities, would adversely impact the ability of borrowers within that sector to service their debt obligations to us. As a result, we would experience increased delinquency risk, which may adversely affect our financial condition, results of operations and cash flows.

We cannot assure you that we will be able to diversify our exposure over different industry sectors in the future. Failure to maintain diverse exposure resulting in industry sector concentration may adversely impact our financial condition, results of operations and cash flows, in case of any significant deterioration in the performance of any such industry sector.

23. ***If our risk management policies are ineffective, it could adversely affect our business, financial condition, results of operations and cash flows.***

We are exposed to a variety of risks, including credit risk, liquidity risk, market risk, interest rate risk, solvency risk, cash management risk, operational risk, asset risk, inflation risk, information and cyber security risk. We have devoted significant resources to develop our risk management policies and procedures and plan to continue to do so in the future. For details on our risk management policies, see "*Our Business – Risk Management*" on page 155. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risks are based on the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures.

To the extent any of the strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may be unable to effectively mitigate our risk exposures in particular market environments or against particular types of risk. Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses.

Management of operations, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective. Further, as we seek to expand the scope of our operations, we also face the risk that we may not be able to develop risk management policies and procedures for new business areas or manage the risks associated with the growth of our existing business effectively. If we are unable to develop and implement effective risk management policies, it could adversely affect our business, financial condition, results of operations and cash flows.

We intend to continue to periodically test and update our risk management framework. Given our high volume of transactions and changing technology and payments landscape, errors may be repeated or compounded before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not be able to identify non-compliance or suspicious transactions in a timely manner, or at all. Where internal control weaknesses are identified, our actions may not be sufficient to fully correct such internal control weaknesses. In addition, certain processes are carried out manually, which may increase the risk that human error, tampering, frauds or manipulation will result in losses that may be difficult to detect. As a result, we may suffer monetary losses, which may not be covered by our insurance policies. Any failure or material weakness in our risk management architecture could adversely affect our business, results of operations, financial condition and cash flows.

24. ***Our ability to pay dividends in the future will depend on our financial condition, results of operations, cash flows, capital requirements, capital expenditures as well as compliance with applicable RBI regulations.***

Any future determination as to the declaration and payment of dividends will be, subject to relevant RBI regulations, at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant, including among others, our future financial condition, results of operations, cash flows, capital requirements, capital expenditures and business prospects. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on the Equity Shares. In addition, the declaration and payment of dividends is subject to relevant RBI regulations (including RBI circular DBOD.NO.BP.BC. 88 / 21.02.067 / 2004-05 dated May 4, 2005, as amended). Further, in terms of Section 15 of the Banking Regulation Act, a banking company is permitted to declare dividends only upon all of its capitalised expenses being written off. The RBI vide its circular dated April 17, 2020 has decided that banks shall not make any further dividend pay-outs 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 did not propose any dividend for the year ended March 31, 2020. In its circular dated April 22, 2021, the RBI permitted banks, including our Bank, to pay dividends on equity shares from profits for Fiscal 2021, subject to the quantum of dividend not exceeding more than 50.00% of the amount determined by the dividend payout ratio specified in in the RBI circular dated May 4, 2005. We cannot assure you that we will be able to pay dividends at any point in the future.

25. ***If we are unable to service our debt obligations in a timely manner or to comply with various financial and other covenants and other terms and conditions of our financing agreements, it may adversely affect our business, credit rating, reputation, prospects, results of operations, cash flows and financial condition.***

As of September 30, 2021, we had total indebtedness of ₹ 5,454.50 million comprising, inter alia, refinance facilities, overdraft facilities and non-convertible debentures. Our total indebtedness could have several adverse consequences, including but not limited to the following a portion of our cash flows may be used towards repayment of our existing debt, which will reduce the availability of our cash flows to fund working capital, capital expenditures, acquisitions and other general corporate requirements; our ability to obtain additional financing in the future at reasonable terms may be restricted. Our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities or entering into certain transactions. Typically, restrictive covenants under our financing documents relate to obtaining prior consent of the lender for, among others, change in the constitution of the bank, availing additional borrowings etc. and a failure to observe the restrictive covenants under our financing agreements or to obtain necessary consents required thereunder may trigger an event of default which may lead to inter alia the imposition of penalties, termination of our credit facilities, acceleration of all amounts due under such facilities and/or the enforcement of any security provided. While we have obtained the consents, as required and intimated the relevant lenders for the purposes of the Offer, our future borrowings may also contain similar or additional restrictive covenants.

26. ***We have certain contingent liabilities, which if they materialise, may adversely affect our financial condition, cash flows and results of operations.***

As of June 30, 2021, our Restated Financial Information disclosed the following contingent liabilities:

Particulars	As at June 30, 2021
	(in ₹ Million)
Guarantees given on behalf of constituents – In India	300.12
Acceptances, endorsements and other obligations	13.38
Other items for which our Bank is contingently liable	45.35

Our contingent liabilities may become actual liabilities and if a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current Fiscal or in the future.

27. ***We could be subject to volatility in income from our treasury operations, which could have an adverse effect on our results of operations and cash flows.***

Our income from treasury operations comprises interest and dividend income from investments, profit from sale of investments and interest income from balances with banks. Our treasury segment revenue contributed 25.99%, 27.44%, 26.45%, 26.58% and 28.55% of our total income during the three months ended June 30, 2021 and June 30, 2020 and Fiscals ended March 31, 2021, 2020 and 2019, respectively. Our treasury operations are vulnerable to changes in interest rates, exchange rates, equity prices and other factors beyond our control, including the domestic and international economic and political scenario, inflationary expectations and the RBI's monetary policies. In particular, if interest rates rise, the valuation of our fixed income securities portfolio, such as Government securities and corporate bonds, would decline. Although we have operational controls and procedures in place for our treasury operations, such as counterparty limits, position limits, stop loss limits and exposure limits, that are designed to mitigate the extent of such losses, there can be no assurance that we will not incur losses in the course of our proprietary trading on our fixed income book held in the available for sale and held for trading portfolios. Any such losses could adversely affect our financial condition, results of operations and cash flows.

28. ***We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.***

We have entered into various transactions with related parties, including for payment of salaries and wages of key management persons and payment of lease rentals. While we believe that all such transactions have been conducted on an arm's length basis in compliance with the Companies Act, 2013 and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Although going forward, all related party transactions that we may enter into, will be subject to board or shareholder approval, as necessary under the Companies Act, 2013 and the SEBI Listing Regulations, we cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Such related party transactions may potentially involve conflicts of interest. Related party transactions (being absolute arithmetic aggregate of gross values of items having an impact on the Statement of Profit and Loss) entered into by our Bank for three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020 and 2019 were 1.21%, 1.04%, 1.04%, 1.14% and 1.08% of our total income during these periods.

For a summary of the related party transactions into by our Bank for the three months ended June 30, 2021 and June 30, 2020 and Fiscals 2021, 2020 and 2019, see "*Offer Document Summary- Summary of related party transactions*" on page 18. For further details, see "*Other Financial Information – Related Party Transactions*" on page 294. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of public shareholders and will not have an adverse effect on our business, financial condition, results of operations and cash flows.

29. ***Our non-convertible debentures are listed on BSE and we are subject to rules and regulations with respect to such listed non-convertible debentures. If we fail to comply with such rules and regulations, we may be subject to certain penal actions, which may have an adverse effect on our business, results of operations, financial condition and cash flows.***

Our non-convertible debentures are listed on the debt segment of BSE. We are required to comply with various applicable rules and regulations, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Listing Regulations, in terms of our listed non-convertible debentures. If we fail to comply with the applicable rules and regulations and any default in compliance with the material covenants such as in creation of security as per terms of issue, default in payment of interest, default in redemption, default in payment of penal interest wherever applicable, non-availability or non-maintenance of asset cover, interest cover, debt-service cover, etc., we may be subject to certain penal actions, including, without limitation, restrictions on the further issuance of securities, which may have an adverse effect on our business, results of operations, financial condition and cash flows.

30. ***We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, agents, customers or third parties, which could harm our reputation, business, financial condition, results of operations and cash flows.***

We are exposed to many types of operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, agents, customers or third parties. Operational risks can result from a variety of factors, including failure to obtain proper internal authorisations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. We attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions. For details, see "*Our Business – Risk Management – Operational Risk*" on page 157. Although we intend to continue to implement technology-based security measures and establish operational procedures to prevent fraud, break-ins, damage and failures, there can be no assurance that these security measures will be adequate. Any failure to mitigate such risks may adversely affect our financial condition, results of operations and cash flows.

In addition, some of our transactions expose us to the risk of theft or unauthorized transactions by our employees and fraud by our employees, agents, customers or third parties. For details in relation to criminal cases filed by us, see "*Outstanding Litigation and Material Developments – Litigation by our Bank*" on page 330. Our security systems and measures undertaken to detect and prevent the occurrence of these risks may be insufficient to prevent or deter such activities in all cases. Given the high volume of transactions we process, instances of fraud and misconduct may go unnoticed or may only be discovered and rectified after substantial delays. Also, As our banking operations expand, we believe the frequency of, and amount of cash handled by employees at our banking outlets is likely to increase and continue to expose us to risks of loss, fraud, misappropriation and unauthorized transactions by our employees. Furthermore, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our reputation, business, financial condition, results of operations and cash flows.

31. ***We are subject to inspections by various regulatory authorities, including by the RBI. Inspection by the RBI is a regular exercise for all banks and financial institutions. Non-compliance with the observations of such regulators could adversely affect our business, financial condition, results of operations and cash flows.***

We are subject to inspections by various regulatory authorities, including the RBI. Inspection by the RBI is a regular exercise for all banks and financial institutions. We may also be subject to inspections from IRDA.

The RBI has carried out three inspections of our Bank in Fiscals 2016, 2018 and 2021 and two examination of our Bank's IT systems and processes post conversion into an SFB. Pursuant to the inspections, we have been directed by the RBI, among others, to review our NPA identification and classification system on the applicable guidelines issued by RBI, audit of internal accounts of our Bank, introduction of system based controls, integration of standalone information technology systems to plug any deficiencies in our information technology infrastructure. While we have responded to such observations and have been submitting our compliance status to the RBI regularly, we cannot assure you that the RBI will not make similar or other observations in the future. Any significant deficiencies identified by the RBI in a final inspection report that we are unable to rectify to the RBI's satisfaction could lead to sanctions (such as restrictions being applied on carrying out certain business activities or our ability to obtain the regulatory permits and approvals required to expand our business) and penalties being imposed by the RBI on our Bank, which could materially and adversely affect our reputation, business, financial condition, results of operations and cash flows.

Further, IRDAI has also conducted inspection of our operations in Fiscal 2021 and made certain observations including, non-disclosure of legal proceedings of other regulatory bodies in our capacity as a corporate agent, alleged non-compliance with the applicable regulations issued by IRDAI in relation to the corporate agency agreements entered into by us with other insurance companies and incomplete proposal forms. Further, IRDAI has also issued a show cause notice dated June 22, 2021, against us for violation of certain provisions of the IRDAI (Registration of Corporate Agents) Regulations. For details, see *"Outstanding Litigation and Material Developments – Litigation involving our Bank - Actions taken by Regulatory and Statutory Authorities"* on page 330.

While we attempt to be in compliance with all regulatory provisions applicable to us, we cannot assure you that the RBI, IRDAI or any other regulatory or statutory authority will not find any deficiencies in future inspections or the RBI or IRDAI will not make similar or other observations in the future. In the event that we are unable to comply with the observations made, we could be subject to penalties and restrictions which may be imposed. Imposition of any penalty or adverse finding by the RBI or IRDAI during any future inspection may have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows.

32. ***Banking companies in India, including us, may be required to report financial statements as per Ind AS in the future. Differences exist between Ind AS and Indian GAAP. In the future, if we are required to prepare our financial statements in accordance with Ind AS, there is a possibility that our financial condition, results of operations and cash flows could be worse than if we prepared our financial statements in accordance with Indian GAAP.***

We currently prepare our financial statements under Indian GAAP. However, the Ministry of Corporate Affairs, in its press release dated January 18, 2016, issued a roadmap for the implementation of Ind AS for scheduled commercial banks, insurance companies and NBFCs, which are also applicable to our Bank. Such roadmap provided that these institutions were required to prepare Ind AS financial statements for accounting periods commencing April 1, 2018 (including comparative financial statements for the corresponding periods in the previous year). The RBI, by its circular dated February 11, 2016, required all scheduled commercial banks to comply with Ind AS for financial statements commencing April 1, 2018 and also required such entities to prepare and submit proforma Ind AS financial statements to the RBI since the six months ended September 30, 2016. However, the RBI, through its notification dated March 22, 2019, decided to defer the implementation of Ind AS until further notice for all scheduled commercial banks (except regional rural banks). Under applicable regulations, scheduled commercial banks, including our Bank, are not permitted to adopt Ind AS financial statements until permitted by the RBI. Accordingly, we continue to prepare and present our financial statements under Indian GAAP.

Ind AS is different in many respects from Indian GAAP. There can be no assurance that the transition to Ind AS will not further increase our provisioning requirements in the future. Furthermore, if we are required to prepare our financial statements in accordance with Ind AS, there is a possibility that our financial condition, results of operations and cash flows could be worse than if we prepared our financial statements in accordance with Indian GAAP. If the RBI decides to implement the adoption of Ind AS for scheduled commercial banks, in our transition to Ind AS reporting, we may encounter difficulties in the on-going process of implementing and enhancing our management information systems. Our management may also have to divert significant time and additional resources in order to implement Ind AS on a timely and successful basis. Therefore, our transition to Ind AS reporting could have an adverse effect on our business, financial condition, results of operations and cash flows.

33. **Certain of our corporate records and filings are not traceable. We cannot assure you that regulatory proceedings or actions will not be initiated against us in the future and we will not be subject to any penalty imposed by the competent regulatory authority in this regard.**

We are unable to trace the form filing and the shareholders' resolution for the allotment dated January 12, 2000 made by our Bank. A search conducted by a practicing company secretary appointed by us to trace the missing records could not also find the records with the RoC. For further details, see "*Capital Structure – Share Capital History of our Bank*" on page 75. Certain disclosures in this Draft Red Herring Prospectus in relation to such untraceable records in filings have been made in reliance on other supporting documents available in our records, including the annual returns filed by our Bank. We cannot assure you that the relevant corporate records will become available in the future that regulatory proceedings or actions will not be initiated against us in the future, or that we will not be subject to any penalty imposed by the competent regulatory authority in this respect.

34. **There has been a delay in relation to reporting requirements in respect of issuance of Equity Shares by our Bank under the applicable laws.**

There has been a delay with respect to the reporting obligations in relation to filing of forms for reporting the foreign investment to RBI received by our Bank between December 7, 2015 and December 17, 2015 for the allotment of Equity Shares made by our Bank by way of a rights issue on December 30, 2015. We filed a compounding application dated December 5, 2017 before the RBI and subsequently, RBI had imposed a fine of ₹ 0.05 million on our Bank vide order dated December 21, 2017 which was paid by us on December 22, 2017. While the Bank has complied with the terms of the respective compounding order, there can be no assurances that such delays will not be repeated in the future, and that we will not be subjected to penalties, compounding, fines, penalties or settlement amounts from the RBI.

35. ***We may breach third-party intellectual property rights.***

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty as to whether we are infringing on any existing third-party intellectual property rights, which may force us to alter our technologies, obtain licenses or cease some of our operations. We may be subject to claims by third parties, both inside and outside India, if we breach their intellectual property rights by using slogans, names, designs, software or other such rights that are of a similar nature to the intellectual property these third parties may have registered or are using. We might also be in breach of such third-party intellectual property rights due to accidental or purposeful actions by our employees where we may also be subjected to claims by such third parties.

Any legal proceedings that result in a finding that we have breached third parties' intellectual property rights, or any settlements concerning such claims, may require us to provide financial compensation to such third parties or stop using the relevant intellectual property (including by way of temporary or permanent injunction) or make changes to our marketing strategies or to the brand names of our products, any of which may have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows.

36. ***If we fail to adapt to technological advancements in the financial services sector it could affect the performance and features of our products and services and reduce our attractiveness to customers.***

Our continued success will depend, in part, on our ability to respond to technological advancement in the way customers prefer to execute their financial services. Technological innovation in digital wallets, mobile operator banking, advancements in blockchain technology payment banks, internet banking through smart phones, could disrupt the banking industry as a whole. If we fail to adapt to such technological advancements quickly and effectively it could affect the performance and features of our products and services and reduce our attractiveness to existing and potential customers hereby adversely affecting our business, financial condition, results of operations, and cash flows.

In addition, technological advances from time to time may result in our systems, methods or processing facilities becoming obsolete. Failure to keep up to date with such changes could result in our competitors having an advantage over us, which could negatively impact our financial performance and reputation. Any significant upgrade to or replacement of our systems could require considerable capital expenditure, which could affect our results of operations and financial condition.

37. ***We lease or licence all of our business premises and any failure to renew such leases or licences or their renewal on terms unfavourable to us may adversely affect our business, financial condition and results of operations and cash flows.***

Our Registered and Corporate Office is located on premises owned by us. As at June 30, 2021, we had 159 Branches, all of which were located on leased premises. As at June 30, 2021, we had 161 ATMs, all of which are on leased/licensed premises. For further details in relation to our property, please see "*Our Business*" on page 139. A failure to renew lease or licence agreements would require us to relocate operations. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease or licence agreements or the landlord does not have the title of the property and the actual owner of the property evicts us.

If we are required to relocate a significant number of our Branches or ATMs, this may cause a disruption to our operations or result in increased costs, or both, which may adversely affect our business, financial condition and results of operations. In addition, we may not be able to renew our leases or licences on terms that are favourable to us, which would lead to an increase in costs, thereby affecting our business, financial condition, results of operations and cash flows.

38. ***Certain of our Directors are on the board of directors of companies engaged in a line of business similar to that of ours. Any conflict of interest that may occur as a result could adversely affect our business, financial condition, results of operations and cash flows.***

Certain of our Directors are on the board of directors of companies engaged in a line of business similar to that of our Bank. For instance, Navin Kumar Maini, our Independent Director, is a director on the board of directors of Ananya Finance for Inclusive Growth Private Limited, AYE Finance Private Limited, among others. These entities may provide comparable services, expand their presence, solicit our employees or acquire interests in competing ventures in the locations or segments in which we operate. A conflict of interest may occur between our business and the business of such entities, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

39. ***Any non-compliance with mandatory AML, KYC and CFT laws and regulations could expose us to liability and harm our business and reputation.***

In accordance with the requirements applicable to banks in India, we are mandated to comply with applicable anti-money laundering ("**AML**"), know your client ("**KYC**") and combatting financing of terrorism ("**CFT**") regulations. These laws and regulations require us, among other things, to adopt and enforce AML, KYC and CFT policies and procedures. Our reputation and business could suffer if any such parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect AML and CFT activity and ensure KYC compliance, there may be significant inconsistencies in the manner in which specific operational and KYC, AML, CFT policies are actually interpreted and implemented at an operational level in each of our Branches. If we fail to comply with such laws and regulations, we may be subject to regulatory actions, including imposition of fines and other penalties by the relevant government agencies to whom we report.

40. ***If we are unable to service our debt obligations in a timely manner or to comply with various financial and other covenants and other terms and conditions of our financing agreements, it may adversely affect our business, credit rating, reputation, prospects, results of operations, cash flows and financial condition.***

As at three months ended June 30, 2021 and March 31, 2021, we had total borrowings of ₹ 5,424.40 million and ₹ 6,167.20 million respectively out of which ₹ 2,147.40 million and ₹ 1,921.20 million were unsecured which represented 39.59% and 31.15%, respectively, of our total borrowings. Further, our total borrowings as of September 30, 2021 were ₹ 5,454.50 million. Our borrowings comprised, *inter alia*, refinance facilities and unsecured redeemable non-convertible bonds. Some of the financing arrangements entered into by us include conditions that require us to obtain respective lenders' consent and intimate such lenders prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. These covenants vary depending on the requirements of the financial institution extending such loan and the conditions negotiated under each financing agreement. Some of the corporate actions that require prior consents from certain lenders or written intimation to lenders include, among others, altering our capital structure, changing our current ownership/ control, formulating a scheme of amalgamation, compromise or reconstruction, material change in management, implementing a scheme of expansion, declaration or payment of dividend, and amending constitutional documents. Further, under certain financing agreements, we are required to maintain specific credit ratings and if we fail to do so, it would result in an event of default. We are also required to maintain certain financial ratios and ensure compliance with regulatory requirements, such as maintenance of CAR, qualifying asset norms and ensure positive net worth. Failure to comply with such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time.

In addition, our lenders may recall all or part of such unsecured amounts borrowed by us on short or no notice. Such recalls on borrowed amounts may be contingent upon happening of an event beyond our control and there can be no assurance that we will be able to persuade our lenders to give us extensions or to refrain from exercising such recalls, which may adversely affect our results of operations and cash flows.

Further, pursuant to clauses in certain financing agreements, any defaults under such facilities may also trigger cross default or cross acceleration provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. In addition, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing.

41. ***We have experienced negative cash flows in prior years.***

We have experienced negative cash flows from operations in the recent past. Our cash flow for three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended 2021, 2020 and 2019 are set forth in the table below.

(₹ in millions)

Particulars	Three months ended June 30, 2021	Three months ended June 30, 2020	Fiscal		
			2021	2020	2019
Net cash flow from/ (used in) operating activities	1,988.07	788.83	1,743.18	(799.12)	82.71
Net cash flows from/ (used in)investing activities	(27.15)	(20.66)	(124.21)	(224.59)	(309.17)
Net cash flow from/ (used in) financing activities	(733.76)	522.00	1,968.14	1,920.04	1,335.03

Any negative cash flows in the future could adversely affect our results of operations and financial condition.

42. ***We may face employee or labour disruptions that would interfere with our operations and have an adverse effect on our business, financial condition, results of operations and cash flows.***

We are exposed to the risk of strikes and employee or labour disruptions. Although, at present, none of our employees are in a trade union, we are exposed to the risk of disruptions in our operations. While our relations have been good with our employees, we cannot guarantee that our employees will not participate in unionization or work stoppages or other industrial action in the future. We cannot assure you that these proceedings will be decided in our favour. In the event of a labour dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations. Further Any other such event could disrupt our operations, possibly for a significant period of time, and result in increased wages and other benefits, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

43. ***We depend on the accuracy and completeness of information about customers and counterparties and any misrepresentation, errors or incompleteness of such information could cause our business to suffer.***

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and/or counterparties. We may also rely on certain representations as to the accuracy and completeness of that information. To further verify the information provided by potential customers, we conduct searches through credit bureaus for creditworthiness of our customers who have a credit history.

Our business involves lending money to smaller, relatively low-income entrepreneurs and individuals who may not have any credit history. A significant portion of our customers belong to the low-income group and may not have any credit history supported by tax returns, credit card statements, statements of previous loan exposures or other related documents. They may also have limited formal education, and are generally able to furnish very limited information for us to be able to assess their creditworthiness accurately. In addition, we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information. It is therefore difficult to carry out a formal credit risk analyses on our customers based on financial information.

Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our NPAs, which could adversely affect our business, financial condition, results of operations and cash flows.

44. ***We are dependent on our senior management and other key personnel, and the loss of, or our inability to attract or retain, such persons could adversely affect our business, financial condition, results of operations and cash flows.***

Our performance depends largely on the efforts and abilities of our senior management and other key personnel, including our operational, credit managers and branch managers. We believe that the inputs and experience of our senior management, in particular, and other key personnel are valuable for the development of our business and operations and the strategic directions taken by us. For details in relation to the experience of our Key Management Personnel, see "*Our Management*" on page 184. Though we did not experience attrition in our Key Managerial Personnel during the last three Fiscals, we cannot assure you that we will be renewing the terms of employment of our Key Managerial Personnel or that these individuals or any other member of our senior management team will not leave us or join a competitor or that we will be able to retain such personnel or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with us. Further, the RBI is required to approve candidates proposed to be appointed as chairman, managing director and executive director. The Banking Regulation Act confers powers on the RBI to remove from office any director, chairman, chief executive officer or other officers or employees of a bank in certain circumstances such as, if the RBI is satisfied that it is in public interest or to prevent the affairs of our Bank being conducted in a manner detrimental to the interests of the depositors. RBI also has the powers to supersede the board of directors of a bank and appoint an administrator to manage the bank for a period of up to 12 months in certain circumstances, and to penalize the management by way of freezing remuneration levels and/ or other measures. The RBI may exercise powers of supersession where it is satisfied, in consultation with the central government that it is in the public interest to do so, to prevent the affairs of any bank from being conducted in a manner that is detrimental to the interest of the depositors, or for securing the proper management of any bank. Should any of the steps as explained herein be taken by RBI, our reputation, business, results of operations, financial conditions and cash flows would be materially and adversely affected.

Further, we may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us, thereby adversely affecting our business, financial condition, results of operations, and cash flows.

45. ***If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have an adverse effect on our financial condition, results of operations and cash flows.***

We have insurance policies covering 119.94% of our fixed assets (excluding land) as at June 30, 2021 which stood at ₹ 786.73 million. We have a bankers blanket insurance policy covering cash at premise (to include ATM cash and gold pledged), standard fire and specials perils policy, burglary policy, comprehensive motor package policy, electronic equipment policy, among others. In addition, we also maintain a directors and officers liability insurance policy. We believe that our insurance coverage is in accordance with industry custom, including the terms of and the coverage provided by such insurance. For details on the insurance policies that we hold, see "*Our Business – Insurance*" on page 159. While we are covered by a range of insurance policies that we believe is consistent with industry practice in India and in accordance with the guidelines provided by RBI to cover risks associated with our business, we cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. Even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, or at all. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have an adverse effect on our financial condition, results of operations and cash flows.

46. ***Our Promoters, certain of our Directors and Key Managerial Personnel have interests in us other than reimbursement of expenses incurred and normal remuneration or benefits.***

Our Promoters, certain of our Directors and Key Managerial Personnel may be regarded as having an interest in our Bank other than reimbursement of expenses incurred and normal remuneration or benefits. Our Promoters, certain Directors and Key Managerial Personnel may be deemed to be interested to the extent of Equity Shares held by them as well as to the extent of any dividends, bonuses, or other distributions on such Equity Shares and to the extent of employee stock options granted to them. For instance, a portion of our head office and one of our Branches is located at 36 Gobind Niwas, G.T. Road, Jalandhar, which is owned by Sarvjit Singh Samra, together with Amardeep Singh Samra, Amarjit Singh Samra, Surinder Kaur Samra, Navneet Kaur Samra and Gagan Samra (collectively, the "**Owners**"). The Owners are paid a rent of ₹ 1.60 million with an increase of 5% every year for the branch operated by us. We cannot assure you that our Promoters, Directors and our Key Management Personnel will exercise their rights as shareholders to the benefit and best interest of our Bank For further details, see "*Capital Structure*", "*Our Management – Interests of Directors*" and "*Our Promoters and Promoter Group – Interests of our Promoters*" on pages 75, 190 and 203, respectively.

47. ***One of our Directors has not been able to trace certain records of his educational qualifications and we have relied on the certificate and affidavit furnished by him for such details of his profile, included in this Draft Red Herring Prospectus.***

Sham Singh Bains, one of our Independent Directors, has been unable to trace copies of documents pertaining to his educational qualifications namely his bachelor's degree in arts from the Guru Nanak Dev University, Amritsar, in spite of attempts to retrieve such documents. Accordingly, reliance has been placed on a certificate and an affidavit furnished by him to us and the BRLMs to disclose details of his educational qualifications in this Draft Red Herring Prospectus. We and the BRLMs have been unable to independently verify these details in the absence of primary documentary evidence prior to inclusion in this Draft Red Herring Prospectus. Further, there can be no assurances that he will be able to trace the relevant documents pertaining to his past work experience in future, or at all.

48. ***We have in this Draft Red Herring Prospectus included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial condition. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. For information on the non-GAAP financial measures, see "*Selected Statistical Information*" on page 208. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures and other statistical and operational information are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere.

49. ***The bankruptcy code in India and other related laws may affect our rights to recover loans from our customers.***

The Insolvency and Bankruptcy Code, 2016 ("**IBC**") was notified on August 5, 2016. The IBC offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The IBC creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process. In case insolvency proceedings are initiated against our debtor, we may not have complete control over the recovery of amounts due to us. Under the IBC, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a vote of not less than 75% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it.

In case a liquidation process is opted for, the IBC provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes and debts owed to workmen and other employees. Further, under this process, dues owed to the Central and State Governments rank below the claims of secured creditors, workmen and other employee dues and unsecured financial creditors. Pursuant to an amendment to the IBC, allottees in a real estate project are considered on par with financial creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realize their security interests in priority.

Further, the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended (the "**SARFAESI Act**"), has strengthened the ability of lenders to resolve NPAs by granting them greater rights as to enforcement of security and recovery of dues from all borrowers, including corporate borrowers. While we believe that the SARFAESI Act has contributed to our enforcement efforts, there can be no assurance that the legislation will continue to have a favourable impact on our efforts to resolve the NPAs. We cannot guarantee that we will be able to realize the full value of the collateral, in the event our borrowers default on the repayment of loans, due to various reasons, including a possible decline in the realizable value of the collateral, defective title or pledge of faulty items as security, prolonged legal proceedings and fraudulent actions by borrowers, defects or deficiencies in the perfection of collateral (including due to the inability to obtain approvals that may be required from third parties), errors in assessing the value of the collateral, an illiquid market for the sale of the collateral, among others.

EXTERNAL RISKS

50. ***India's existing credit information infrastructure may cause increased risks of loan defaults.***

All of our business is located in India. India's existing credit information infrastructure may pose problems and difficulties in running a robust credit check on our borrowers. We may also face difficulties in the due diligence process relating to our customers or to any security or collateral we take in relation to our loans. We may not be able to run comprehensive searches relating to the security and there are no assurances that any searches we undertake will be accurate or reliable. Hence, our overall credit analysis may be less robust as compared to similar transactions in more developed economies. Any inability to undertake a fulsome due diligence or credit check may result in an increase in our NPAs and we may have to increase our provisions correspondingly. Any of the foregoing may have a material adverse effect on our business, financial condition, results of operations and cash flows.

51. ***Any downturn in the macroeconomic environment in India could adversely affect our business, financial condition, results of operations and cash flows.***

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. Therefore, any downturn in the macroeconomic environment in India could adversely affect our business, financial condition, results of operations and cash flows. The Indian economy could be adversely affected by various factors, such as the impact of COVID-19 or other pandemics, epidemics, political and regulatory changes, including adverse changes in the Government's liberalisation policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, volatility in interest rates, volatility in commodity and energy prices, a loss of investor confidence in other emerging market economies and any worldwide financial instability. In addition, an increase in India's trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could increase interest rates and adversely affect liquidity, which could adversely affect the Indian economy and thereby adversely affect our business, financial condition, results of operations and cash flows.

Also see " – *COVID-19 has had and could continue to have an adverse effect on our business, financial condition, results of operations and cash flows*" on page 27.

52. ***The outbreak of COVID-19, or outbreak of any other similar severe communicable disease could have a potential impact on our business, financial condition, cash flows and results of operations.***

The outbreak, or threatened outbreak, of any severe communicable disease (particularly COVID-19) could adversely affect the overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The outbreak of COVID-19 has resulted in authorities implementing several measures such as travel bans and restrictions, quarantines and lockdowns. These measures have impacted and may further impact our workforce and operations, specially the operations of our marketing team. While government-certified treatment and vaccines are available, there is currently medical uncertainty regarding COVID-19 and there is no assurance that the vaccination process shall be completed in India in a timely manner or that the vaccines shall be effective. In case there is a rapid increase in severe cases of infections leading to deaths, where the measures taken by governments are not successful or are any bans imposed by the government in this regard are lifted prematurely, may cause significant economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe. Our ability to meet our ongoing disclosure obligations might be adversely affected, despite our best efforts. If any of our employees were suspected of contracting COVID-19 or any other epidemic disease, this could require us to quarantine some or all of these employees or disinfect the facilities. In addition, our revenue and profitability could be impacted to the extent that a natural disaster, health epidemic or other outbreak harms the Indian and global economy in general. The outbreak has significantly increased economic uncertainty. It is likely that the current outbreak or continued spread of COVID-19 will cause an economic slowdown and it is possible that it could cause a global recession. The spread of COVID-19 has caused us to modify our business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or steps on what we believe would be in the best interests of our employees and customers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the outbreak, and our ability to perform critical functions could be harmed.

The extent to which the COVID-19 further impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions taken globally to contain COVID-19 or treat its impact, amongst others. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. We are still assessing our business operations and system supports and the impact COVID-19 may have on our results and financial condition, but we cannot assure that this analysis will enable us to avoid part or all of any impact from the spread of COVID-19 or its consequences. The degree to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions taken to contain the outbreak or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. The above risks can threaten the safe operation of our facilities and cause disruption of operational activities, environmental harm, loss of life, injuries and impact the wellbeing of our people. Further if the lockdown is extended, it could result in muted economic growth or give rise to a recessionary economic scenario, in India and globally, which could adversely affect the business, prospects, results of operations, future cash flows and financial condition of our Bank.

53. ***Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, across the multiple states we operate in, may have a material adverse effect on our business, financial condition, results of operations and cash flows.***

Our business and financial condition could be materially adversely affected by changes in the laws, rules, regulations or directions applicable to us and our general and micro loan businesses, or the interpretations of such existing laws, rules and regulations, or the promulgation of new laws, rules and regulations. Please see "*Key Regulations and Policies*" on page 162.

The governmental and regulatory bodies may notify new regulations and/ or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, impose onerous requirements and conditions on our operations, in addition to those which we are undertaking currently, or change the manner in which we conduct KYC or authenticate our customers. Any such changes and the related uncertainties with respect to the implementation of new regulations may have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and investments in our Bank by non-residents, could result in us being deemed to be in contravention of such laws and/ or may require us to apply for additional approvals.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, turnover tax, goods and service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If the tax costs associated with certain transactions because of a particular tax risk materializing are greater than anticipated, it could affect the profitability of such transactions.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

54. ***We are subject to regulatory, economic and social and political uncertainties and other factors beyond our control.***

We are incorporated in India and we conduct our corporate affairs and our business in India. Our Equity Shares are to be listed on BSE and NSE. Consequently, our business, operations, financial performance and the market price of our Equity Shares will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations may include:

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- the impact of international trade wars or uncertain or unfavorable policies on international trade or (whether or not directly involving the Government of India);
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- epidemic or any other public health in India or in countries in the region or globally, including in India's various neighboring countries;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- political instability, including terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- civil unrest, acts of violence, regional conflicts or situations or war may adversely affect the financial markets;
- international business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;
- logistical and communication challenges;
- downgrading of India's sovereign debt rating by rating agencies;
- changes in government policies, including taxation policies, social and civil unrest and other political, social and economic developments in or affecting India; and
- occurrence of natural calamities and force majeure events.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could materially adversely affect our business, financial condition, results of operations, cash flows and prospects.

55. ***Financial difficulties and other problems in certain long-term lending institutions and investment institutions in India could have a negative effect on our business, financial condition, results of operation and, cash flows and the trading price of the Equity Shares could decrease.***

As an Indian small finance bank, we are exposed to the risks of the Indian financial system, which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is referred to as "systemic risk," may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on regular basis. Our transactions with these financial institutions expose us to various risks in the event of default by the counterparty, which can be exacerbated during periods of market illiquidity. As the Indian financial system operates within an emerging market, we face risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme. The problems faced by individual Indian financial institutions and any instability in, or difficulties faced by, the Indian financial system generally could create adverse market perception about Indian financial institutions and banks. This in turn could adversely affect our business, financial condition, results of operations, cash flows and the trading price of the Equity Shares.

56. ***Our ability to borrow in foreign or raise foreign capital may be restricted by Indian law.***

Indian banks and companies are subject to foreign exchange regulations that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our ability to borrow in foreign currencies and, therefore, could negatively affect our ability to obtain financing on competitive terms. In addition, we cannot assure you that any required approvals for borrowing in foreign currency will be granted to us without onerous conditions, or at all. Such, and other, limitations on raising foreign capital may adversely affect our business results of operations, financial condition and cash flows.

57. ***Our customers may engage in certain transactions in or with countries or persons that are subject to U.S. and other sanctions***.

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries that are the subject of comprehensive sanctions and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions. We provide services to our customers, who may be doing business with, or located in, countries to which certain OFAC-administered and other sanctions apply, such as Iran. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, there can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. Although we do not believe that we are in violation of any applicable sanctions, if it were determined that transactions in which we participate violate U.S. or other sanctions, we may be subject to U.S. or other penalties, and our reputation and future business prospects in the United States or with U.S. persons, or in other jurisdictions, could be adversely affected. We rely on our staff to be up-to-date and aware of the latest sanctions in place. Further, investors in the Equity Shares may incur reputational or other risks as the result of our customers' dealings in or with countries or with persons that are the subject of U.S. sanctions.

RISKS RELATING TO THE EQUITY SHARES AND THE OFFER

58. ***The determination of the Price Band is based on various factors and assumptions and the Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares upon listing on the Stock Exchanges. Investors bear the risk of fluctuations in the price of Equity Shares and there can be no assurance that a liquid market for the Equity Shares will develop following the listing of the Equity Shares on the Stock Exchanges.***

There has been no public market for the Equity Shares prior to the Offer. The determination of the Price Band is based on various factors and assumptions and will be determined by us and the Corporate Promoter in consultation with the BRLMs. Furthermore, the Offer Price of the Equity Shares will be determined by us, in consultation with the BRLMs, through the Book Building Process. This price will be based on numerous factors, as described under in "*Basis for Offer Price*" on page 104. This price may not necessarily be indicative of the market price of the Equity Shares after the Offer is completed. You may not be able to re-sell your Equity Shares at or above the Offer price and may as a result lose all or part of your investment.

The price at which the Equity Shares will trade at after the Offer will be determined by the marketplace and may be influenced by many factors, including:

- our financial condition, results of operations and cash flows;
- the history of and prospects for our business;

- an assessment of our management, our past and present operations and the prospects for as well as timing of our future revenues and cost structures;
- the valuation of publicly traded companies that are engaged in business activities similar to ours;
- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial condition, including financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements of significant claims or proceedings against us;
- new laws and government regulations that directly or indirectly affect our business;
- additions or departures of Key Management Personnel;
- changes in the interest rates;
- fluctuations in stock market prices and volume; and
- general economic conditions.

The Indian stock markets have, from time to time, experienced significant price and volume fluctuations that have affected market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our financial condition, results of operations and cash flows.

The Equity Shares are expected to trade on NSE and BSE after the Offer, but there can be no assurance that active trading in the Equity Shares will develop after the Offer, or if such trading develops that it will continue. Investors may not be able to sell the Equity Shares at the quoted price if there is no active trading in the Equity Shares.

59. ***Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Offer.***

The Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. The Allotment of Equity Shares in this Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately six Working Days from the Bid/ Offer Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid/ Offer Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise any delay in commencing trading in the Equity Shares would restrict investors' ability to dispose their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

60. ***We have issued Equity Shares at a price that may be lower than the Offer Price in the last 12 months.***

Except as disclosed below, our Bank has not issued any Equity Shares in the last 12 months immediately preceding the date of this Draft Red Herring Prospectus at a price that may be lower than the Offer Price.

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Offer price per Equity Share (₹)	Nature of consideration	Reason for allotment
February 25, 2021	19,232	10	98	Cash	Allotment under ESOP 2018
May 7, 2021	16,421	10	98	Cash	Allotment under ESOP 2018

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Offer price per Equity Share (₹)	Nature of consideration	Reason for allotment
June 29, 2021	75,865	10	98	Cash	Allotment under ESOP 2018

For further information, see *"Capital Structure"* on page 75. The price at which Equity Shares have been issued by us in the preceding one year is not necessarily indicative of the Offer Price.

61. ***Our funding requirements and the proposed deployment of Net Proceeds have not been appraised and our management will have broad discretion over the use of the Net Proceeds.***

We intend to utilize the Net Proceeds to augment our Bank's Tier - I capital base to meet our Bank's future capital requirements, which are expected to arise out of growth in our Bank's assets, primarily our Bank's advances and investment portfolio, and to ensure compliance with applicable RBI regulations and guidelines. For further details, see "*Objects of the Offer - Net Proceeds*" on page 104. As stipulated in Regulation 41 of the SEBI ICDR Regulations, we are not required to appoint a monitoring agency for the use of the Net Proceeds and we do not intend to do so. Our proposed deployment of the Net Proceeds has not been appraised and it is based on management estimates. Under the SEBI ICDR Regulations, our Bank is not required to appoint a monitoring agency for the Offer and deployment of the Fresh Issue proceeds will be entirely at the discretion of our Bank. Our management will therefore have broad discretion to use the Net Proceeds. Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use of the Net Proceeds to achieve profitable growth in our business. Accordingly, the use of the Net Proceeds may not result in the growth of our business or increased profitability.

62. ***We will not receive any proceeds from the Offer for Sale.***

The Offer consists of a Fresh Issue and an Offer for Sale. Each of the Selling Shareholders will be entitled to their respective portion of the proceeds from the Offer for Sale in proportion of the Equity Shares offered by the respective Selling Shareholders as part of the Offer for Sale. Our Bank will not receive any proceeds from the Offer for Sale. See "*Objects of the Offer*" on page 101.

63. ***Any future issuance of Equity Shares or securities convertible into Equity Shares by us or sales of Equity Shares by the Promoters could adversely affect the trading price of the Equity Shares, and in the case of the issuance of Equity Shares by us, result in the dilution of our then current Shareholders.***

As disclosed in "*Capital Structure*" on page 75, an aggregate of (a) [●]% of our fully diluted post-Offer paid-up equity share capital held by our Promoters; and (b) [●]% of our fully diluted post-Offer paid-up equity share capital held by ICICI Prudential Life Insurance Company Limited and HDFC Standard Life Insurance Company, shall be considered as minimum Promoters' contribution and locked in for a period of eighteen months and the balance Equity Shares held by the Promoters and the other pre-Offer Shareholders following the Offer will be locked-in for six months from the date of Allotment. There can be no assurance that we will not issue additional Equity Shares or that the Promoters will not sell, pledge or encumber their Equity Shares during the lock-in period. Further, any future issuances of Equity Shares or convertible securities could dilute the holdings of our Shareholders and adversely affect the trading price of the Equity Shares. Such securities may also be issued at prices below the Offer Price. Sales of Equity Shares by the Promoters could also adversely affect the trading price of the Equity Shares. Such securities may also be issued at prices below the Offer Price. Sales of Equity Shares by the Promoters could also adversely affect the trading price of the Equity Shares.

64. ***Investors may be subject to Indian taxes arising out of the sale of the Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company are generally taxable in India. Any capital gain realised on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of Securities Transaction Tax ("**STT**"), on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer. STT will be levied on the seller and/or the purchaser of the Equity Shares and collected by the domestic stock exchange on which the Equity Shares are sold. Further, any capital gains realised on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India as well as STT.

Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident read with the Multilateral Instrument ("**MLI**"), if and to the extent applicable, and the seller is entitled to avail benefits thereunder. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

No dividend distribution tax is required to be paid in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020 and, accordingly, such dividends would not be exempt in the hands of the shareholders, both for residents as well as non-residents. Our Bank may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action, including dividends.

Similarly, any business income realised from the transfer of equity shares held as trading assets is taxable at the applicable tax rates subject to any treaty relief, if applicable, to a non-resident seller. Additionally, in terms of the Finance Act, 2018, which has been notified on March 29, 2018 with effect from April 1, 2018, taxes payable by an assessee on the capital gains arising from transfer of long-term capital assets (introduced as section 112A of the Income-Tax Act, 1961) shall be calculated on such long-term capital gains at the rate of 10.00%, where the long-term capital gains exceed ₹ 100,000, subject to certain exceptions in case of resident individuals and Hindu Undivided Families.

Further, the Finance Act, 2019 has made various amendments in the taxation laws and clarified that, in the absence of a specific provision under an agreement, the buyer will be liable to pay stamp duty in case of sale of securities through stock exchanges, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis, is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments were notified on December 10, 2019 and have come into effect from July 1, 2020.

The Government of India had announced the union budget for Fiscal 2022 and the Finance Bill, 2021 ("**Finance Bill**") had been introduced in the Lok Sabha on February 1, 2021. Subsequently, the Finance Bill received assent of the President of India on March 28, 2021 and became the Finance Act, 2021 ("**Finance Act**"). There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. We cannot predict whether any amendments made pursuant to the Finance Act would have an adverse effect on our business, financial condition, future cash flows and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations.

65. ***QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. QIBs can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Therefore, QIBs and Non-Institutional Bidders would not be able to withdraw or lower their Bids, notwithstanding adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations or financial condition, or otherwise, between the dates of the submission of their Bids and the Allotment.

While our Bank is required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed, including Allotment, within six Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed by the SEBI, events affecting the Bidders' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Bank may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

66. ***Fluctuations in the exchange rate between the Rupee and other currencies could have an adverse effect on the value of the Equity Shares in those currencies, independent of our results of operations.***

The Equity Shares will be quoted in Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will be paid in Rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividend received by investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by investors. The exchange rate between the Rupee and other currencies (such as the U.S. dollar, the Euro, the pound sterling, the Hong Kong dollar and the Singapore dollar) has changed substantially in the past and could fluctuate substantially in the future, which may have an adverse effect on the value of the Equity Shares and returns from the Equity Shares in foreign currency terms, independent of our operating results.

67. ***Investors will not, without the RBI's prior approval, be able to acquire Equity Shares if such acquisition would result in an individual or group holding 5.00% or more of our share capital or voting rights directly or indirectly. Further, no Shareholder will be permitted to exercise voting rights in excess of 26.00% of the total voting rights of our Bank.***

The Banking Regulation Act, read with the SFB Licensing Guidelines and RBI (Prior Approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, requires any person to seek prior approval of the RBI, to acquire or agree to acquire shares or voting rights of a bank, either directly or indirectly, beneficial or otherwise, by himself or acting in concert with other persons, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in the aggregate shareholding of such persons to be 5.00% or more of the paid-up share capital of a bank or entitles them to exercise 5.00% or more of the voting rights in a bank. Such approval may be granted by the RBI if it is satisfied that the applicant meets certain fitness and propriety tests. The RBI may require the proposed acquirer to seek further RBI approval for subsequent acquisitions. Further, the RBI may, by passing an order, restrict any person holding more than 5.00% of our total voting rights from exercising voting rights in excess of 5.00% if such person is deemed not to be fit and proper by the RBI. Further, as per the Banking Regulations Act read with gazette notification dated DBR.PSBD.No.1084/16.13.100/2016-17 dated July 21, 2016, no shareholder in a bank can exercise voting rights on poll in excess of 26.00% of total voting rights of all the shareholders of the bank. For details, see "*Key Regulations and Policies*" on page 162. Consequently, even if a potential takeover of our Bank would result in the purchase of Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of the regulatory framework applicable to us.

68. ***The individual foreign investment limit of registered FPIs in our Bank is 10.00% of the total paid-up equity share capital of our Bank and the aggregate foreign investment limit for registered FPIs in our Bank is 49.00% of the total paid-up equity share capital of our Bank under the automatic route and 74.00% of the total paid-up equity share capital of our Bank under the Government approval.***

Foreign investment in India is governed by the provisions of FEMA along with the rules, regulations and notifications made by the RBI thereunder, and the Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India from time to time. Under the current FDI Policy (effective October 15, 2020), up to 49.00% foreign direct investment in our Bank is permitted under the automatic route and up to 74.00% foreign direct investment in our Bank is permitted under the Government approval route.

In terms of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, the issue of Equity Shares to a single FPI including its investor group (which means the same multiple entities registered as foreign portfolio investors having common ownership directly or indirectly of more than 50.00% or common control) must be below 10.00% of our Bank's post-Offer paid-up equity share capital on a fully diluted basis. Further, in terms of the FEMA Regulations, the total holding by each FPI, or an investor group, shall be below 10.00% of the total paid-up equity share capital, on a fully diluted basis, of our Bank and the total holdings of all FPIs put together can be up to 74.00% of the paid-up equity share capital of our Bank, being the sectoral cap applicable to our Bank. For calculating the aggregate holding of FPIs in our Bank, the holdings of all registered FPIs shall be included. Further, under the FDI Policy, at least 26.00% of the paid-up capital of our Bank is required to be held by residents. Also see "*Investors will not, without the RBI's prior approval, be able to acquire Equity Shares if such acquisition would result in an individual or group holding 5.00% or more of our share capital or voting rights directly or indirectly. Further, no Shareholder will be permitted to exercise voting rights in excess of 26.00% of the total voting rights of our Bank*" on page 56.

As per the circular issued by SEBI on November 24, 2014, the above investment restrictions shall also apply to subscribers of P-Notes. Two or more subscribers of P-Notes having a common beneficial owner shall be considered together as a single subscriber of the P-Notes. In the event an investor has investments as a FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Notes investments in our Bank.

69. ***It may not be possible for investors outside India to enforce any judgment obtained outside India against our Company or our management or any of our associates or affiliates in India, except by way of a suit in India.***

We are incorporated as a public limited company under the laws of India and all of our directors and executive officers reside in India. Further, all of our assets, and the assets of our executive officers and directors, are located in India. As a result, it may be difficult to effect service of process outside India upon us and our executive officers and directors or to enforce judgments obtained in courts outside India against us or our executive officers and directors, including judgments predicated upon the civil liability provisions of the securities laws of jurisdictions outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which includes the United Kingdom, Singapore, United Arab Emirates and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Indian Code of Civil Procedure, 1908 (the "**Civil Code**"). The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a fresh suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to repatriate any amount recovered pursuant to the execution of the judgment.

70. ***Foreign investors are subject to investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.***

Under foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the valuation and reporting requirements specified under applicable law. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions, then prior approval of the relevant regulatory authority is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, this conversion is subject to the shares having been held on a repatriation basis and, either the security having been sold in compliance with the pricing guidelines or, the relevant regulatory approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020, which came into effect from April 22, 2020, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy. These investment restrictions shall also apply to subscribers of offshore derivative instruments. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 378. Our ability to raise foreign capital under the FDI route is therefore constrained by Indian law, which may adversely affect our business, financial condition, results of operations and cash flows.

71. ***A third party could be prevented from acquiring control over our Bank because of anti-takeover provisions under Indian law and the provisions of the Banking Regulation Act.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Bank. These provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Bank. Further, given that our Bank is governed by the RBI, any significant change in shareholding would require the RBI's prior approval. Consequently, even if a potential takeover of our Bank would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of the regulatory framework applicable to us.

72. ***Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, 2013, a company incorporated in India must offer holders of its equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares who have voted on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our Bank filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless our Bank makes such a filing. Our Bank may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in our Bank would be reduced.

73. ***Statistical and industry data in this Draft Red Herring Prospectus is derived from the CRISIL Research Report commissioned and paid for by us for such purpose. The CRISIL Research Report is not exhaustive and is based on certain assumptions and parameters/conditions.***

This Draft Red Herring Prospectus includes information that is derived from the CRISIL Research Report, which was prepared by CRISIL Research pursuant to an engagement with us. CRISIL Research is not in any manner related to us, our Directors or our Promoters. The CRISIL Research Report is subject to various limitations and based upon certain assumptions that are subjective in nature. While we have no reason to believe the data and statistics in the CRISIL Research Report are incorrect, we cannot assure you that they are accurate, complete or reliable and, therefore, we make no representation or warranty, express or implied, as to the accuracy, completeness or reliability of such data or statistics. Therefore, discussions of matters relating to India, its economy and the industry in which we currently operate are subject to the caveat that data and statistics upon which such discussions are based may be inaccurate, incomplete or unreliable. Further, there can be no assurance that such data and statistics are stated or compiled on the same basis or with the same degree of accuracy as may be the case in other reports. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Red Herring Prospectus. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information.

SECTION III: INTRODUCTION

THE OFFER

The following table sets forth details of the Offer:

Equity Shares Offered	
Offer of Equity Shares*#	Up to [●] Equity Shares, aggregating up to ₹[●] million
of which	
Fresh Issue(1)	Up to [●] Equity Shares, aggregating up to ₹4,500.00 million
Offer for Sale(2)	Up to 3,840,087 Equity Shares, aggregating up to ₹[●] million by the Selling Shareholders
Employee Reservation Portion(3)	Up to [●] Equity Shares, aggregating up to ₹[●] million
Net Offer	Up to [●] Equity Shares, aggregating up to ₹[●] million
The Offer consists of:	
A) QIB Portion(4)(5)	Not more than [●] Equity Shares
of which:	
Anchor Investor Portion	Up to [●] Equity Shares
Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed)	[●] Equity Shares
of which:	
Mutual Fund Portion	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion	Not less than [●] Equity Shares
C) Retail Portion	Not less than [●] Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	34,002,967 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds	See "*Objects of the Offer*" on page 101 for information about the use of the proceeds from the Fresh Issue. Our Bank will not receive any proceeds from the Offer for Sale

* *Except with the prior approval from the RBI, and in terms of the Banking Regulation Act and circulars issued thereunder, no person can acquire or agree to acquire, directly or indirectly, by himself or acting in concert with any other person, Equity Shares or voting rights of our Bank, if such acquisition, taken together with Equity Shares and voting rights of our Bank held by such person or his relative or associate enterprise or person acting in concert with him, results in such person holding or exercising, five percent or more of the paid-up Equity Share capital or voting rights, respectively, of our Bank*

\# *A Pre-IPO Placement may be undertaken by our Bank in consultation with the BRLMs for an aggregate amount not exceeding ₹ 900 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Bank in consultation with the BRLMs, and will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the minimum Offer size (comprising the Fresh Issue so reduced by the amount raised from the Pre-IPO Placement, and the Offer for Sale) shall constitute at least [●]% of the post-Offer paid-up Equity Share capital of our Bank.*

(1) *The Offer has been authorised by our Board pursuant to the resolution dated August 18, 2021 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated October 22, 2021. Further, our Board approved the Fresh Issue vide resolution dated October 22, 2021.*

(2) *Each of the Selling Shareholders has authorised and consented to participate in the Offer for Sale as set out in the table below. Each Selling Shareholder severally and not jointly confirms that the Offered Shares have been held by such Selling Shareholder for a period of at least one year prior to filing of this Draft Red Herring Prospectus in accordance with Regulation 8 of the SEBI ICDR Regulations and accordingly, are eligible for the Offer in accordance with the provisions of the SEBI ICDR Regulations.*

S. No.	Name of the Selling Shareholder	No. of Offered Shares	Date of consent letter	Date of corporate action/board resolution/ power of attorney
Investor Selling Shareholders				
1.	PI Ventures LLP	Up to 337,396 Equity Shares aggregating up to ₹[●] million	October 28, 2021	August 9, 2021
2.	Amicus Capital Private Equity I LLP	Up to 604,614 Equity Shares aggregating up to ₹[●] million	October 29, 2021	August 2, 2021

S. No.	Name of the Selling Shareholder	No. of Offered Shares	Date of consent letter	Date of corporate action/board resolution/ power of attorney
3.	Amicus Capital Partners India Fund I	Up to 70,178 Equity Shares aggregating up to ₹[●] million	October 29, 2021	August 2, 2021
4.	Oman India Joint Investment Fund II	Up to 836,728 Equity Shares aggregating up to ₹[●] million	October 25, 2021	August 17, 2021
Other Selling Shareholders				
1.	Gurdev Singh Samra (jointly with Balbir Kaur Samra)	Up to 358,500 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 17, 2021
2.	Rashpal Singh (jointly with Surinder Kaur)	Up to 200,000 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 6, 2021
3.	Tarlochan Singh Hyare	Up to 285,000 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 21, 2021
4.	Avtar Singh Samra (jointly with Rashpal Singh Samra)	Up to 132,000 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 8, 2021
5.	Manjoo Sardana	Up to 40,000 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 3, 2021
6.	Gaurav Goel	Up to 15,000 Equity Shares aggregating up to ₹[●] million	August 26, 2021	August 26, 2021
7.	Jasvinder Kaur	Up to 17,000 Equity Shares aggregating up to ₹[●] million	September 5, 2021	September 6, 2021
8.	Darshna Devi	Up to 14,500 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 3, 2021
9.	Rekha Jindal	Up to 3,900 Equity Shares aggregating up to ₹[●] million	September 6, 2021	September 3, 2021
10.	Richa Mahajan	Up to 2,358 Equity Shares aggregating up to ₹[●] million	September 4, 2021	September 4, 2021
11.	Gurnam Singh (jointly with Bahadur Singh and Amrik Singh)	Up to 358,435 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 4, 2021
12.	Ramesh Kaur	Up to 167,200 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 10, 2021
13.	Parminder Singh	Up to 107,333 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 3, 2021
14.	Joginder Singh Dhillon	Up to 97,652 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 2, 2021
15.	Vijay Kumar Bhandari (jointly with Sneh Bhandari)	Up to 40,000 Equity Shares aggregating up to ₹[●] million	September 2, 2021	September 2, 2021
16.	Kuldeep Krishan Sardana (jointly with Suman Sardana)	Up to 40,000 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 3, 2021
17.	Jagjit Singh Shergill	Up to 35,000 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 10, 2021
18.	Gurdip Singh Shergill	Up to 35,000 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 13, 2021
19.	Nilam Singh Shergill	Up to 35,000 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 9, 2021
20.	Anureet Pattar	Up to 7,000 Equity Shares aggregating up to ₹[●] million	August 25, 2021	September 1, 2021
21.	Rajinder Kumar Sehgal (jointly with Neelam Sehgal and Akhil Sehgal)	Up to 293 Equity Shares aggregating up to ₹[●] million	September 4, 2021	September 4, 2021

(3) *In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation up to ₹500,000), shall be added to the Net Offer. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up equity share capital.*

(4) *Our Bank may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. For details, see "Offer Procedure" on page 361*

(5) *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Bank, in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid under the Net Offer and such Bids will not be treated as multiple Bids. Any undersubscription in the Employee Reservation Portion shall be added to the Net Offer. In the event of an under-subscription in the Offer, Equity Shares offered pursuant to the Fresh Issue shall be allocated in the Fresh Issue prior to the Equity Shares offered pursuant to the Offer for Sale. However, after receipt of minimum subscription of 90% of the Fresh Issue, the Offered Shares shall be allocated proportionately prior to the Equity Shares offered pursuant to the Fresh Issue.*

Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price, as applicable. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available

Equity Shares, if any, shall be allocated on a proportionate basis. For further details, see "*Offer Structure*" on page 356. For details of the terms of the Offer, see "*Terms of the Offer*" beginning on page 351.

SUMMARY OF FINANCIAL INFORMATION

The summary financial information presented below should be read in conjunction with "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 225 and 295.

[***The remainder of this page has intentionally been left blank*.**]

SUMMARY RESTATED STATEMENT OF ASSETS AND LIABILITIES

(*All amounts in ₹ million except otherwise stated*)

PARTICULARS	As on June 30, 2021	As on June 30, 2020	As on March 31, 2021	As on March 31, 2020	As on March 31, 2019
CAPITAL & LIABILITIES					
Capital	340.03	338.07	339.10	338.07	284.81
Reserve and Surplus	4,302.00	3,802.08	4,168.80	3,729.73	2,218.41
Deposits	54,829.03	46,869.22	52,210.70	44,466.23	36,672.58
Borrowings	5,424.40	4,731.20	6,167.20	4,209.20	3,583.80
Other Liabilities and provisions	763.03	547.10	826.58	555.54	452.44
Total	**65,658.49**	**56,287.67**	**63,712.38**	**53,298.77**	**43,212.04**
ASSETS					
Cash and Balances with Reserve Bank of India	8,191.54	2,229.57	7,217.24	2,212.33	2,148.64
Balances With banks and Money at call and Short Notice	7,435.27	8,621.00	5,686.99	5,945.16	4,967.64
Investments	11,819.12	12,195.00	12,122.52	10,518.75	8,625.80
Advances	36,421.95	31,448.34	37,268.86	33,083.08	25,990.45
Fixed assets	851.25	887.34	865.54	906.24	835.19
Other Assets	939.36	906.42	551.23	633.21	644.32
Total	**65,658.49**	**56,287.67**	**63,712.38**	**53,298.77**	**43,212.04**
Contingent Liabilities	358.85	325.01	383.51	370.71	420.93
Bills for Collection	-	-	-	-	-

SUMMARY RESTATED PROFIT AND LOSS ACCOUNT

(All amounts in ₹ million except otherwise stated)

PARTICULARS	Quarter ended June 30, 2021 (3 months)	Quarter ended June 30, 2020 (3 months)	Year ended March 31, 2021 (12 months)	Year ended March 31, 2020 (12 months)	Year ended March 31, 2019 (12 months)
INCOME					
Interest Earned	1,364.36	1,242.00	5,114.39	4,581.35	3,462.91
Other Income	109.59	83.15	458.58	429.55	313.07
Total	**1,473.95**	**1,325.15**	**5,572.97**	**5,010.90**	**3,775.98**
EXPENDITURE					
Interest Expended	793.87	766.75	3,128.28	2,855.12	2,111.51
Operating Expenses	454.24	402.58	1,729.59	1,633.33	1,321.70
Provisions and Contingencies	104.01	87.82	307.26	268.63	148.63
Total	**1,352.12**	**1,257.15**	**5,165.13**	**4,757.08**	**3,581.84**
PROFIT					
Net profit for the period	121.83	68.00	407.84	253.82	194.14
Profit brought forward	1,262.88	987.72	987.72	837.67	731.56
Total	**1,384.71**	**1,055.72**	**1,395.56**	**1,091.49**	**925.70**
APPROPRIATIONS					
Transfer to Statutory Reserves	-	-	101.96	63.45	48.54
Transfer to Special Reserve	-	-	6.92	1.12	0.70
Transfer to/ (from) Investment Reserve Account	-	-	(0.14)	-	(0.04)
Transfer to Investment Fluctuation Reserve	-	-	23.94	31.94	12.07
Dividend	-	-	-	6.02	22.20
Tax on Dividend	-	-	-	1.24	4.56
Balance carried over to Balance sheet	1,384.71	1,055.72	1,262.88	987.72	837.67
Total	**1,384.71**	**1,055.72**	**1,395.56**	**1,091.49**	**925.70**
EARNING PER SHARE					
Basic (₹)	3.59*	2.01*	12.04	8.18	6.82
Diluted (₹)	3.57*	2.01*	11.98	8.16	6.82
(Face value) (₹)	10.00	10.00	10.00	10.00	10.00
**Not-annualized*					

SUMMARY RESTATED STATEMENT OF CASH FLOWS

(All amounts in ₹ million except otherwise stated)

PARTICULARS	Quarter ended June 30, 2021 (3 months)	Quarter ended June 30, 2020 (3 months)	Year ended March 31, 2021 (12 months)	Year ended March 31, 2020 (12 months)	Year ended March 31, 2019 (12 months)
CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before Taxes	161.52	89.42	537.37	345.82	269.24
Adjustments For-					
Depreciation Charge on Fixed Assets	41.42	39.69	164.92	153.37	117.66
Loan Loss Provision	64.56	66.40	177.49	176.69	66.14
(Profit)\Loss on Sale of Fixed Assets	0.02	(0.14)	(0.01)	0.18	2.05
Employee Stock Option Expense	3.25	4.35	22.12	16.12	-
Depreciation on Investments	(0.24)	-	0.24	(0.06)	7.39
	270.53	199.72	902.13	692.12	462.48
Adjustments For-					
(Increase) in Term Deposits with other Banks	(1,495.42)	(1,402.91)	(1,159.63)	(144.89)	(966.44)
Decrease/ (Increase) In Investments	303.64	(1,676.26)	(1,604.02)	(1,907.45)	354.09
Decrease/ (Increase) In Advances	821.39	1,623.35	(4,374.22)	(7,167.85)	(7,557.92)
Increase In Deposits	2,618.33	2,402.99	7,744.47	7,793.65	8,167.38
Decrease/ (Increase) In Other Assets	(389.08)	(272.81)	81.03	46.49	(238.06)
(Decrease)/ Increase In Other Liabilities & Provision	(112.01)	(63.49)	282.00	1.62	(28.59)
	2,017.38	810.59	1,871.76	(686.31)	192.94
Direct Taxes Paid (net of refunds)	(29.31)	(21.76)	(128.58)	(112.81)	(110.23)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES	**1,988.07**	**788.83**	**1,743.18**	**(799.12)**	**82.71**
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets	(27.26)	(24.93)	(129.26)	(225.63)	(310.40)
Proceeds from Sale of Fixed Assets	0.11	4.27	5.05	1.04	1.21
NET CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES	**(27.15)**	**(20.66)**	**(124.21)**	**(224.59)**	**(309.17)**
CASH FLOW FROM FINANCING ACTIVITIES					
Net Proceeds from equity shares issued under preferential allotment on private placement basis / ESOP allotment	9.04	-	10.14	1,301.89	-
Net proceeds from the new issue of Unsecured Redeemable Non-Convertible Bonds/(Redemption of Bonds)	226.20	-	314.00	(169.60)	614.50
Net Increase/(Decrease) in Borrowings/Refinance	(969.00)	522.00	1,644.00	795.00	747.29
Dividend Payment (Including Corporate Dividend Tax)	-	-	-	(7.25)	(26.76)
NET CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES	**(733.76)**	**522.00**	**1,968.14**	**1,920.04**	**1,335.03**
Net Increase/ (Decrease) in Cash & Cash Equivalent	1,227.16	1,290.17	3,587.11	896.32	1,108.57
Cash & Cash Equivalents in the beginning of the period	7,411.28	3,824.16	3,824.16	2,927.84	1,819.27
Cash & Cash Equivalents at the end of the period	8,638.44	5,114.33	7,411.28	3,824.16	2,927.84

GENERAL INFORMATION

Registered and Corporate Office

Capital Small Finance Bank Limited
MIDAS Corporate Park
3rd Floor, 37, G.T. Road
Jalandhar 144 001
Punjab, India
Registration Number: 022634
CIN: U65110PB1999PLC022634
RBI Registration Number: MUM:116

Address of the RoC

Our Bank is registered with the RoC situated at the following address:

Registrar of Companies, Punjab and Chandigarh
1st Floor, Corporate Bhawan
Plot No.4-B, Sector 27-B
Chandigarh 160 019
Punjab, India

Company Secretary and Compliance Officer

Amit Sharma
MIDAS Corporate Park
3rd Floor, 37, G.T. Road
Jalandhar 144 001
Punjab, India
Tel: + 91 181 5051 111
Email: cs@capitalbank.co.in, csfbipo@capitalbank.co.in

Board of Directors

As on the date of this Draft Red Herring Prospectus, the Board of Directors of our Bank comprises the following:

Name	Designation	DIN	Address
Madan Gopal Sharma	Part-Time Chairman and Independent Director	00398326	Sukhjit Starch and Chemicals Limited, Phagwara, Kapurthala 144 401, Punjab, India
Sarvjit Singh Samra	Managing Director and Chief Executive Officer	00477444	House no. 182, New Jawahar Nagar, Jalandhar – I, Jalandhar 144 001, Punjab, India
Srinath Srinivasan	Non-Executive Director(1)	00107184	1003, Raheja Empress, 392, Veer Savarkar Marg, Opposite Siddhivinayak Temple, Prabhadevi, Mumbai 400 025, Maharashtra, India
Mahesh Parasuraman	Non-Executive Director(2)	00233782	Villa 51, Prestige Ozone Hagadur Main Road Whitefield, Bengaluru 560 066, Karnataka, India
Rahul Priyadarshi	Non-Executive Director(3)	06835372	Flat No. B-305, Meenaxi Apartments, Near Gokuldham High School, Gokuldham East, Goregaon East, Mumbai 400 063, Maharashtra, India
Dinesh Gupta	Non-Executive Director	00475319	47, Defence Colony, Jalandhar – I, Jalandhar 144 001, Punjab, India
Navin Kumar Maini	Independent Director	00419921	B – 74, Block B, Defence Colony, Lajpat Nagar, New Delhi 110 024, Delhi, India
Gurpreet Singh Chug	Independent Director	01003380	House Number 327, Shaheed Udham Singh Nagar, Jalandhar – I, Jalandhar 144 001, Punjab, India
Harmesh Khanna	Independent Director	03078018	House No. 12, Lane No. P7, Near Gurgaon Valley School, DLF Phase – II, Gurugram 122 008, Haryana, India
Rakesh Soni	Independent Director	07262045	House No. 21, Green Park, Ward - 54, Civil Lines, Ludhiana 141 001, Punjab, India

Name	Designation	DIN	Address
Gurdeep Singh	Independent Director	01572748	Old Phagwara Road, GNA House, Kot Kalan, Jalandhar, 144 024, Punjab, India
Sham Singh Bains	Independent Director	01537844	Jagrawan, Jalandhar 144 301, Punjab, India

(1) Nominee of Oman India Joint Investment Fund II
(2) Nominee of Amicus Capital Private Equity I LLP and Amicus Capital Partners India Fund I
(3) Nominee of SIDBI

For further details of our Directors, see "*Our Management*" on page 184.

Filing

A copy of this Draft Red Herring Prospectus has been filed electronically on the SEBI Intermediary Portal at https://siportal.sebi.gov.in in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, and emailed at cfddil@sebi.gov.in. in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "Easing of Operational Procedure – Division of Issues and Listing – CFD."

Further, a physical copy of this Draft Red Herring Prospectus will be filed at:

Securities and Exchange Board of India
Corporation Finance Department
Division of Issues and Listing
5th Floor, Bank of Baroda Building,
16, Sansad Marg,
New Delhi 110 001
Delhi, India

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act, 2013 would be filed with the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be filed with the RoC at its office.

Book Running Lead Managers

Edelweiss Financial Services Limited
6th Floor, Edelweiss House
Off C.S.T Road, Kalina
Mumbai 400 098
Maharashtra, India
Tel: +91 22 4009 4400
E-mail: capitalsfb.ipo@edelweissfin.com
Investor grievance e-mail: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Dhruv Bhavsar
SEBI Registration No.: INM0000010650

Axis Capital Limited
Axis House, 1st floor
C-2 Wadia International Centre
P.B. Marg, Worli
Mumbai 400 025
Maharashtra, India
Tel: +91 22 4325 2183
E-mail: capitalsfb.ipo@axiscap.in
Investor grievance e-mail: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Ankit Bhatia
SEBI Registration No.: INM000012029

SBI Capital Markets Limited*
202, Maker Tower 'E'
Cuffe Parade, Mumbai 400 005
Maharashtra, India
Tel: +91 22 2217 8300
E-mail: capitalsfb.ipo@sbicaps.com

Investor grievance e-mail: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Aditya Deshpande
SEBI Registration No.: INM000003531

* *OIJIF II is proposing to participate as a Selling Shareholder in the Offer for Sale. SBICAP has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. OIJIF II and SBICAP are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.*

Syndicate Members

[●]

Legal Advisors to the Offer

Indian Legal Counsel to our Bank

Cyril Amarchand Mangaldas
Level 1 & 2, Max Towers
Plot No. C-001/A/1
Sector 16B, Gautam Buddha Nagar
Noida 201 301
Uttar Pradesh, India
Tel: +91 120 6699 000

Indian Legal Counsel to the BRLMs

J. Sagar Associates
Sandstone Crest
Opposite Park Plaza Hotel
Sushant Lok - Ph 1
Gurugram 122 009, India
Tel: 91 124 439 0600

J. Sagar Associates
Vakils House
18 Sprott Road,
Ballard Estate, Mumbai 400 001
Maharashtra, India
Tel: +91 22 4341 8600

Indian Legal Counsel to Amicus, Pi Ventures and the Other Selling Shareholders

M/s. Crawford Bayley and Co.
State Bank Building, 4th Floor
N.G.N. Vaidya Marg, Fort
Mumbai 400 023
Maharashtra, India
Tel: +91 22 2266 3353
E-mail: sanjay.asher@crawfordbayley.com

Indian Legal Counsel to OIJIF II

Rajani Associates
Krishna Chambers
59 New Marine Lines
Mumbai 400 020
Maharashtra, India
Tel: +91 22 4096 1000
E-mail: sangeeta@rajaniassociates.net

Special International Legal Counsel to the BRLMs

Duane Morris & Selvam LLP
16 Collyer Quay, #17-00
Singapore 049318
Tel: +65 6311 0030

Statutory Auditors to our Bank

T R Chadha & Co LLP

Chartered Accountants
B-30, Kuthiala Building
Connaught Place
New Delhi 110 001
India
Tel: +91 11 4325 9900
Email: delhi@trchadha.com
Firm Registration Number: 006711N/N500028
Peer Review Certificate Number: 011934

There has been no change in our auditors in the last three years, except as disclosed below:

Particulars	Date of change	Reason for change
M/s T R Chadha & Co. LLP Chartered Accountants B-30, Kuthiala Building Connaught Place New Delhi 110001 India **Tel:** +91 11 4325 9900 **Email:** delhi@trchadha.com **Firm Registration Number:** 006711N/N500028 **Peer Review Certificate Number:** 011934	August 20, 2021	Appointment
M/s MSKC & Associates (Formerly known as R.K. Kumar & Co.) Chartered Accountants Floor 6, Raheja Titanium, Western Express Highway Geetanjali Railway Colony, Ram Nagar Goregaon East, Mumbai Suburban Mumbai 400063 Maharashtra, India **Tel:** +91 98332 55819 **Email:** tusharkurani@mska.in **Firm Registration Number:** 001595S **Peer Review Certificate Number:** 011948	August 20, 2021	Completion of term
M/s MSKC & Associates (Formerly known as R.K. Kumar & Co.) Chartered Accountants Room No 101-106, 2nd Floor Congress Building, 573, Mount Road Chennai 600 006 Tamil Nadu, India **Tel:** +91 98332 55819 **Email:** tusharkurani@mska.in **Firm Registration Number:** 001595S **Peer Review Certificate Number:** 011948	September 18, 2020	Re-appointment
M/s MSKC & Associates (Formerly known as R.K. Kumar & Co.) Chartered Accountants Floor 6, Raheja Titanium, Western Express Highway Geetanjali Railway Colony, Ram Nagar Goregaon East, Mumbai Suburban Mumbai 400063 Maharashtra, India **Tel:** +91 98332 55819 **Email:** tusharkurani@mska.in **Firm Registration Number:** 001595S **Peer Review Certificate Number:** 011948	October 23, 2019	Appointment
M/s MSKA & Associates Chartered Accountants Floor 6, Raheja Titanium, Western Express Highway Geetanjali Railway Colony, Ram Nagar	October 23, 2019	Completion of term

Particulars	Date of change	Reason for change
Goregaon East, Mumbai Suburban Mumbai 400063 Maharashtra, India **Tel:** +91 98339 22706 **Email:** swapnilkale@mska.in **Firm Registration Number:** 105047W		

Registrar to the Offer

Link Intime India Private Limited
C-101, 1st Floor, 247 Park
Lal Bahadur Shastri Marg
Vikhroli (West)
Mumbai – 400 083
Maharashtra, India
Tel: +91 022 4918 6200
E-mail: capitalsfb.ipo@linkintime.co.in
Investor grievance e-mail: capitalsfb.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

Bankers to the Offer

Escrow Collection Bank(s)

[●]

Refund Bank(s)

[●]

Public Offer Account Bank(s)

[●]

Sponsor Bank

[●]

Designated Intermediaries

Self-Certified Syndicate Banks

The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time.

SCSBs and mobile applications enabled for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, RIBs Bidding through UPI in the Offer can be made only through the SCSBs and mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile applications, which, are live for applying in public issues using UPI mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list shall be updated on SEBI website.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time.

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of BSE and NSE at www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx? and www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of BSE at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and on the website of NSE at www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, as updated from time to time.

Expert

Except as stated below, our Bank has not obtained any expert opinions:

Our Bank has received written consent dated October 30, 2021 from our Statutory Auditors namely, M/s T R Chadha & Co. LLP, Chartered Accountants, to include their name in this Draft Red Herring Prospectus, as required under section 26 of the Companies Act, 2013, read with SEBI ICDR Regulations, and as an "Expert" as defined under section 2(38) of the Companies Act, 2013, to the extent and in their capacity as an auditor, in respect of the examination report dated September 23, 2021 issued by it on our Restated Financial Information, and the statement of special tax benefits dated October 30, 2021 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" and the consent thereof shall not be construed to mean an "expert" or consent within the meaning as defined under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**").

Monitoring Agency

In terms of the proviso to Regulation 41(1) of the SEBI ICDR Regulations, our Bank is not required to appoint a monitoring agency for this Offer.

Appraising Entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

Credit Rating

As this is an offering of Equity Shares, there is no credit rating required for the Offer.

IPO Grading

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

Trustees

As this is an offering of Equity Shares, the appointment of trustees is not required.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Inter-se allocation of responsibilities

The following table sets forth the inter-se allocation of responsibilities for various activities among the Book Running Lead Managers:

S. No.	Activity	Responsibility	Coordinator
1.	Due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing. Capital structuring with the relative components and formalities such as type of instruments, size of issue, allocation between primary and secondary, etc.	BRLMs	Edelweiss
2.	Drafting and approval of all statutory advertisement	BRLMs	Edelweiss
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report	BRLMs	Axis
4.	Appointment of intermediaries - Registrar to the Offer, advertising agency, Banker(s) to the Offer, Sponsor Bank, printer and other intermediaries, including coordination of all agreements to be entered into with such intermediaries	BRLMs	Axis
5.	Preparation of road show presentation and frequently asked questions	BRLMs	Edelweiss
6.	International institutional marketing of the Offer, which will cover, *inter alia*: • marketing strategy; • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing road show and investor meeting schedule	BRLMs	Edelweiss
7.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • marketing strategy; • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing road show and investor meeting schedule	BRLMs	Axis
8.	Non-institutional and Retail marketing of the Offer, which will cover, *inter alia*, • Finalising media, marketing and public relations strategy including list of frequently asked questions at retail road shows; • Finalising centres for holding conferences for brokers, etc.; • Follow-up on distribution of publicity and Offer material including application form, this Prospectus and deciding on the quantum of the Offer material; and • Finalising collection centres	BRLMs	SBICAP*
9.	Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit, anchor coordination, anchor CAN and intimation of anchor allocation	BRLMs	Axis
10.	Managing the book and finalization of pricing in consultation with the Company	BRLMs	Edelweiss

S. No.	Activity	Responsibility	Coordinator
11.	Post-Offer activities, which shall involve essential follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising Company about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, unblocking of application monies, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, Sponsor Bank, SCSBs including responsibility for underwriting arrangements, as applicable. Coordinating with Stock Exchanges and SEBI for submission of all post-Offer reports including the initial and final post-Offer report to SEBI, release of 1% security deposit post closure of the Offer	BRLMs	Edelweiss

* *OIJIF II is proposing to participate as a Selling Shareholder in the Offer for Sale. SBICAP has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. OIJIF II and SBICAP are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.*

Book Building Process

Book Building Process, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and minimum Bid Lot size will be decided by our Bank, in consultation with the BRLMs, and advertised in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Punjabi daily newspaper (Punjabi being the regional language of Punjab, where our Registered and Corporate Office is located) at least two Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Bank, in consultation with the BRLMs after the Bid/ Offer Closing Date.

All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs. In addition to this, the RIBs may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids on or before the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Allocation to the Anchor Investors will be on a discretionary basis.

For further details on the method and procedure for Bidding, see "*Offer Structure*" and "*Offer Procedure*" on pages 356 and 361, respectively.

The Book Building Process is subject to change. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.

Illustration of Book Building and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Offer Procedure*" on page 361.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Bank and each of the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued and offered in the Offer. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.)

Name, Address, Telephone Number and Email Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in million)
[●]	[●]	[●]

The abovementioned underwriting commitments are indicative and will be finalised after pricing of the Offer, the Basis of Allotment and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board, the resources of the abovementioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our Board/ IPO Committee, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Bank.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Bank, as on the date of this Draft Red Herring Prospectus, is set forth below:

(In ₹, except share data)

Sr. No.	Particulars	Aggregate value at face value (₹)	Aggregate value at Offer Price*
A.	**AUTHORIZED SHARE CAPITAL**[(1)]		
	50,000,000 Equity Shares (having face value of ₹10 each)	500,000,000	[●]
B.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	34,002,967 Equity Shares (having face value of ₹10 each)	340,029,670	[●]
C.	**PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	Offer of up to [●] Equity Shares (having face value of ₹10 each) aggregating up to ₹[●] million [# (2) (3)]	[●]	[●]
	of which		
	Fresh Issue of up to [●] Equity Shares (having face value of ₹10 each) aggregating up to ₹4,500.00 million	[●]	[●]
	Offer for Sale of up to 3,840,087 Equity Shares (having face value of ₹10 each) by the Selling Shareholders aggregating up to ₹[●] million	38,400,870	[●]
	which includes		
	Employee Reservation Portion of up to [●] Equity Shares aggregating up to ₹ [●] million[(4)]	[●]	[●]
	Net Offer of up to [●] Equity Shares	[●]	[●]
D.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER***		
	[●] Equity Shares (having face value of ₹10 each)	[●]	[●]
E.	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	2,225.56 million	
	After the Offer	[●]	

* *Subject to finalisation of Basis of Allotment.*

\# *A Pre-IPO Placement may be undertaken by our Bank in consultation with the BRLMs for an aggregate amount not exceeding ₹ 900 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Bank in consultation with the BRLMs, and will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the minimum Offer size (comprising the Fresh Issue so reduced by the amount raised from the Pre-IPO Placement, and the Offer for Sale) shall constitute at least [●]% of the post-Offer paid-up Equity Share capital of our Bank.*

(1) *For details in relation to the changes in the authorised share capital of our Bank, see "History and Certain Corporate Matters – Amendments to the Memorandum of Association" on page 179.*

(2) *The Offer has been authorised by our Board pursuant to the resolution dated August 18, 2021 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated October 22, 2021. Further, our Board approved the Fresh Issue vide resolution dated October 22, 2021 and this DRHP has been approved by our Board pursuant to a resolution passed at their meeting dated October 22, 2021 and by the IPO Committee on October 30, 2021. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated October 22, 2021.*

(3) *The Selling Shareholders severally confirm that the Offered Shares have been held by the Selling Shareholders for a period of at least one year prior to the filing of this Draft Red Herring Prospectus in accordance with Regulation 8 of the SEBI ICDR Regulations and accordingly, are eligible for the Offer in accordance with the provisions of the SEBI ICDR Regulations. For details on the authorization of the Selling Shareholders in relation to the Offer for Sale, see "The Offer" on page 59.*

(4) *In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation up to ₹500,000), shall be added to the Net Offer. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital. For further details, see "Offer Structure" beginning on page 356.*

Notes to the Capital Structure

1. **Share Capital History of our Bank**

(a) ***Equity Share capital***

The history of the Equity Share capital of our Bank is set forth in the table below:

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Offer Price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
May 31, 1999	8,000	10	10	Cash	Allotment pursuant to initial subscription to the Memorandum of Association(1)	8,000	80,000
January 12, 2000	5,992,000	10	10	Cash	Private Placement(2)	6,000,000	60,000,000
April 24, 2004	1,200,000	10	NA	NA	Bonus issuance of 1 Equity Share for every 5 Equity Shares held on the April 24, 2004(3)	7,200,000	72,000,000
May 1, 2004*	213,100	10	15	Cash	Private Placement(4)	7,413,100	74,131,000
May 7, 2004*	190,000	10	15	Cash	Private Placement(5)	7,603,100	76,031,000
May 18, 2004*	298,900	10	15	Cash	Private Placement(6)	7,902,000	79,020,000
May 25, 2004*	164,900	10	15	Cash	Private Placement(7)	8,066,900	80,669,000
May 29, 2004*	164,400	10	15	Cash	Private Placement(8)	8,231,300	82,313,000
June 2, 2004*	127,200	10	13	Cash	Private Placement(9)	8,358,500	83,585,000
June 16, 2004*	230,000	10	13	Cash	Private Placement(10)	8,588,500	85,885,000
	1,540,500		15			10,129,000	101,290,000
June 22, 2004*	322,275	10	13	Cash	Private Placement(11)	10,451,275	104,512,750
June 27, 2004*	840,100	10	15	Cash	Private Placement(12)	11,291,375	112,913,750
June 29, 2004*	83,000	10	15	Cash	Private Placement(13)	11,374,375	113,743,750
September 4, 2004*	32,000	10	13	Cash	Private Placement(14)	11,406,375	114,063,750
	128,700		15			11,535,075	115,350,750
January 31, 2005*	200,000	10	15	Cash	Private Placement(15)	11,735,075	117,350,750
February 26, 2005*	35,500	10	15	Cash	Private Placement(16)	11,770,575	117,705,750
March 28, 2005*	1,000	10	13	Cash	Private Placement(17)	11,771,575	117,715,750
September 29, 2006	3,923,853	10	20	Cash	Rights issue(18)	15,695,428	156,954,280
October 9, 2014	1,569,543	10	NA	NA	Bonus issuance of 1 Equity Share for every 10 Equity Shares held by shareholders on the record date, i.e., October 7, 2014(19)	17,264,971	172,649,710
December 30, 2015	5,754,922	10	30	Cash	Rights issue(20)	23,019,893	230,198,930
March 31, 2017	3,967,200	10	163	Cash	Private Placement(21)	26,987,093	269,870,930

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Offer Price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
September 28, 2017	1,493,650	10	163	Cash	Private Placement(22)	28,480,743	284,807,430
June 25, 2019	1,608,508	10	252	Cash	Private Placement (23)	30,089,251	300,892,510
November 22, 2019	3,717,966	10	252	Cash	Private Placement (24)	33,807,217	338,072,170
August 5, 2020	71,850	10	98	Cash	Allotment under ESOP 2018(25)	33,879,067	338,790,670
October 12, 2020	12,382	10	98	Cash	Allotment under ESOP 2018(26)	33,891,449	338,914,490
February 25, 2021	19,232	10	98	Cash	Allotment under ESOP 2018(27)	33,910,681	339,106,810
May 7, 2021	16,421	10	98	Cash	Allotment under ESOP 2018(28)	33,927,102	339,271,020
June 29, 2021	75,865	10	98	Cash	Allotment under ESOP 2018(29)	34,002,967	340,029,670

* *Our Bank has filed a settlement application with SEBI dated September 2, 2021 (which was physically submitted on September 8, 2021) in relation to 14 allotments made in Financial Year 2004-2005. Our Bank has also filed a compounding application before the National Company Law Tribunal, Chandigarh bench on June 2, 2021 and re-filed on July 5, 2021.* For details in relation to risks involved in this regard, see "*Risk Factors – Our Bank had made certain allotments of Equity Shares in the past and these allotments were made to more than 49 investors*" on page 33.

(1) *1,000 Equity Shares were allotted to Amrik Singh Pooni, 1,000 Equity Shares were allotted to Amarjit Singh Samra, 1,000 Equity Shares were allotted to Sarvjit Singh Samra, 1,000 Equity Shares were allotted to K.K. Sardana, 1,000 Equity Shares were allotted to Brig. Swarn Singh Saini, 1,000 Equity Shares were allotted to Sarvjit Singh Dhillon, 1,000 Equity Shares were allotted to Mohinder Singh and 1,000 Equity Shares were allotted to Amardeep Singh Samra*

(2) *20,000 Equity Shares were allotted to Amrik Singh Pooni, 639,000 Equity Shares were allotted to Amarjit Singh Samra, 600,000 Equity Shares were allotted to Sarvjit Singh Samra, 100,000 Equity Shares were allotted to Kuldeep Krishan Sardana, 70,000 Equity Shares were allotted to Sarvjit Singh Dhillon, 20,000 Equity Shares were allotted to Mohinder Singh, 448,000 Equity Shares were allotted to Amardeep Singh Samra, 15,000 Equity Shares were allotted to Amarpreet Kaur, 20,000 Equity Shares were allotted to Amrik Singh Khera, 20,000 Equity Shares were allotted to Amrik Singh, 30,000 Equity Shares were allotted to B.S. Sangha, 5,000 Equity Shares were allotted to Balbir Singh, 50,000 Equity Shares were allotted to Baldev Singh, 60,000 Equity Shares were allotted to Balwinder Singh, 80,000 Equity Shares were allotted to Brig S.S. Saini, 20,000 Equity Shares were allotted to Chanan Singh Dhillon, 50,000 Equity Shares were allotted to Col. Surjit Singh, 5,000 Equity Shares were allotted to Darshan Mann, 5,000 Equity Shares were allotted to Deepali Gupta, 5,000 Equity Shares were allotted to Dinesh Gupta, 75,000 Equity Shares were allotted to Gagan Samra, 5,000 Equity Shares were allotted to Gurchetan Singh Samra, 5,000 Equity Shares were allotted to Gurinder Singh, 5,000 Equity Shares were allotted to Gurjit Kaur, 10,000 Equity Shares were allotted to Gurmail Singh, 60,000 Equity Shares were allotted to Gurpal Singh, 30,000 Equity Shares were allotted to Gursharan Kaur, 5,000 Equity Shares were allotted to Harminder Kaur, 5,000 Equity Shares were allotted to J.D. Sardana, 5,000 Equity Shares were allotted to Jagat Parkash Gill, 40,000 Equity Shares were allotted to Jaswant Kaur, 20,000 Equity Shares were allotted to Joginder Singh, 5,000 Equity Shares were allotted to Karam Singh, 10,000 Equity Shares were allotted to Kewal Krishan Sharma, 20,000 Equity Shares were allotted to Kewal Singh Takkhar, 15,000 Equity Shares were allotted to Kuljit Singh, 5,000 Equity Shares were allotted to Madhu Sharma, 15,000 Equity Shares were allotted to Malkiat Singh, 5,000 Equity Shares were allotted to Mangal Singh, 10,000 Equity Shares were allotted to Manjit Kaur, 415,000 Equity Shares were allotted to Mohan Singh Johal, 100,000 Equity Shares were allotted to Mohinder Kaur Samra, 120,000 Equity Shares were allotted to Navneet Kaur, 5,000 Equity Shares were allotted to Paramjit Singh, 10,000 Equity Shares were allotted to Parminder Kaur, 100,000 Equity Shares were allotted to Piara Singh, 5,000 Equity Shares were allotted to Piara Singh, 70,000 Equity Shares were allotted to Pranav Sharma, 5,000 Equity Shares were allotted to Raj Kumar Kaura, 5,000 Equity Shares were allotted to Rajinder Singh, 5,000 Equity Shares were allotted to Rampal Singh Gill, 50,000 Equity Shares were allotted to Randeep Dhillon, 5,000 Equity Shares were allotted to Roma Sharma, 5,000 Equity Shares were allotted to S.M. Jindal, 10,000 Equity Shares were allotted to Satwant Singh, 10,000 Equity Shares were allotted to Shingara Singh, 10,000 Equity Shares were allotted to Simar Kaur, 10,000 Equity Shares were allotted to Sudarshan Sharma, 5,000 Equity Shares were allotted to Sukhwinder Singh, 280,000 Equity Shares were allotted to Surinder Kaur Samra, 5,000 Equity Shares were allotted to Surinder Pal Kaur, 150,000 Equity Shares were allotted to Surjit Kaur, 500,000 Equity Shares were allotted to Tarlochan Singh Hyare, 500,000 Equity Shares were allotted to Ravi Chowdhry, 1,000,000 Equity Shares were allotted to Santokh Singh Chhokar*

(3) *1,200,000 Equity Shares were allotted to 67 existing shareholders of the Bank in the ratio 1:5 pursuant to resolution of securities allotment committee dated April 24, 2004 and shareholders resolution dated April 17, 2004*

(4) *3,000 Equity Shares were allotted to Satinder Singh, 3,000 Equity Shares were allotted to Manjit Singh Sandhu, 3,000 equity Shares were allotted to Jaswinder Kaur, 3,000 Equity Shares were allotted to Lakhwinder Singh, 3,000 Equity Shares were allotted to Sukhdev Sharma (jointly with Kuldeep Kumar Sharma, who is a second holder), 3,000 Equity Shares were allotted to Vikram Mahindru (jointly with Neelam Mahindru, who is the second holder), 3,000 Equity Shares were allotted to Gurmit Singh, 3,000 Equity Shares were allotted to Rajinder Singh, 7,000 Equity Shares were allotted to Piara Singh, 34,000 Equity Shares were allotted to Satish Sharma, 3,000 Equity Shares were allotted to Gursharan Singh (jointly with Avtar Singh, who is a second holder), 10,000 Equity Shares were allotted to Ranbir Singh Kooner, 3,000 Equity Shares were allotted to Jhalman Singh Kooner, 3,000 Equity Shares were allotted to Jagjit Kaur, 3,000 Equity Shares were allotted to Piara Singh, 3,000 Equity Shares were allotted to Ashok Kumar (jointly with Ashwani Kumar, who is the second holder), 3,000 Equity Shares were allotted to Sunil Mahajan, 3,000 Equity Shares were allotted to Manjinder Kaur, 3,000 Equity Shares were allotted to Narinder Pal Khosla, 3,000 Equity Shares were allotted to Rakesh Mehta (jointly with Ruchi Mehta, who is a second holder), 3,000 Equity Shares were allotted to Ruchi*

Mehta (jointly with Rakesh Mehta, who is a second holder), 3,000 Equity Shares were allotted to Balraj Garg (jointly with Archana Garg, who is a second holder), 7,000 Equity Shares were allotted to Raj Kumar Jagota, 3,000 Equity Shares were allotted to Kulvir Chand, 7,000 Equity Shares were allotted to Bhagat Singh, 3,000 Equity Shares were allotted to Rama Rani Kohli, 3,000 Equity Shares were allotted to Anoop Gupta (jointly with Davinder Kumar, who is a second holder), 3,100 Equity Shares were allotted to Raj Kumar Sohal, 3,000 Equity Shares were allotted to Bal Krishan (jointly with Dimple, who is a second holder), 3,000 Equity Shares were allotted to Varinder Kohli, 30,000 Equity Shares were allotted to Darshan Singh Paul, 3,000 Equity Shares were allotted to Gopal Mahajan, 3,000 Equity Shares were allotted to Rajinder Kumar, 3,000 Equity Shares were allotted to Asha Rani, (jointly with Hemant Sharma, who is a second holder),3,000 Equity Shares were allotted to Keshav Dhir(jointly with Vinay Dhir, who is a second holder), 3,000 Equity Shares were allotted to Rajiv Mahajan, 3,000 Equity Shares were allotted to Raj Kumar, 3,000 Equity Shares were allotted to Kanta Rani, 3,000 Equity Shares were allotted to Sarita Mahajan, 3,000 Equity Shares were allotted to Vinay Dhir (jointly with Ajay Kumar Dhir, who is the second holder), 4,000 Equity Shares were allotted to Rakesh Chander Goel, 3,000 Equity Shares were allotted to Chanchel Rani (jointly with Suresh Kumar, who is a second holder), 3,000 Equity Shares were allotted to Bhupinder Singh, 3,000 Equity Shares were allotted to Gurmit Kaur and 3,000 Equity Shares were allotted to Amandeep Singh

(5) 3,000 Equity Shares were allotted to Buta Singh, 3,000 Equity Shares were allotted to Gurmeet Singh, 10,000 Equity Shares were allotted to Vijay Kumar Sood, 3,000 Equity Shares were allotted to Kanchan Jaswal, 3,000 Equity Shares were allotted to Surinder Singh (jointly with Jawinder Kaur, who is the second holder), 3,000 Equity Shares were allotted to Anil Mahajan (jointly with Anju Mahajan, who is the second holder), 3,000 Equity Shares were allotted to Anju Mahajan (jointly with Anil Mahajan, who is the second holder), 3,000 Equity Shares were allotted to Kamal Kant Puri (jointly with Ritu Puri, who is the second holder), 3,000 Equity Shares were allotted to Gurmukh Singh (jointly with Madanjit Kaur, who is the second holder), 3,000 Equity Shares were allotted to Madanjit Kaur (jointly with Gurmukh Singh, who is the second holder), 3,000 Equity Shares were allotted to Kapil Takkiar (jointly with Ramesh Kumari, who is the second holder), 5,000 Equity Shares were allotted to Balraj Kaur, 5,000 Equity Shares were allotted to Lakhwinder Singh, 3,000 Equity Shares were allotted to Gurdev Singh (jointly with Kulwinder Kaur, who is a second holder), 3,000 Equity Shares were allotted to Sukhdeva, 7,000 Equity Shares were allotted to Krishan Khattar (jointly with Upesh Khattar, who is a second holder), 3,000 Equity Shares were allotted to Parmod Bhardwaj, 3,000 Equity Shares were allotted to Anu Kapania, 5,000 Equity Shares were allotted to Bhupinder Sekri, 7,000 Equity Shares were allotted to Gurdev Singh, 3,000 Equity Shares were allotted to Major Singh, 3,000 Equity Shares were allotted to Narinder Singh (jointly with Sukhjinder Singh, who is the second holder), 3,000 Equity Shares were allotted to Ravinder Kumar Sood (jointly with Malti Sood, who is the second holder), 7,000 Equity Shares were allotted to Jaswinder Kaur Dhanota, 7,000 Equity Shares were allotted to Inder Pal Singh Dhanota, 3,000 Equity Shares were allotted to Charanjit Singh Dhanota, 3,000 Equity Shares were allotted to Geeta Dhawan (jointly with Vijay Dhawan, who is the second holder), 3,000 Equity Shares were allotted to Vijay Dhawan (jointly with Geeta Dhawan, who is the second holder), 3,000 Equity Shares were allotted to Jit Singh Saini (jointly with Harbans Kaur, who is the second holder), 3,000 Equity Shares were allotted to Arjan Singh, 10,000 Equity Shares were allotted to Taranjit Singh Walia (jointly with Rupinder Walia, who is the second holder), 10,000 Equity Shares were allotted to Gurbachan Singh Walia (jointly with Balbir Walia, who is the second holder), 3,000 Equity Shares were allotted to Sohan Lal Nahar, 3,000 Equity Shares were allotted to Balbir Lal Saini, 3,000 Equity Shares were allotted to Balwinder Kaur(jointly with Balbir Lal Saini, who is the second holder), 10,000 Equity Shares were allotted to Mohinder Singh, 3,000 Equity Shares were allotted to Onkar Singh (jointly with Inderjit Singh, who is the second holder), 5,000 Equity Shares were allotted to Hardev Singh Aujla, 3,000 Equity Shares were allotted to Avtar Singh (jointly with Sushil Kaur, who is the second holder), 3,000 Equity Shares were allotted to Sushil Kaur (jointly with Avtar Singh, who is the second holder), 3,000 Equity Shares were allotted to Kewal Krishan (jointly with Rakesh Rani, who is the second holder), 3,000 Equity Shares were allotted to Joginder Singh, 3,000 Equity Shares were allotted to Rameshwar Duggal, 3,000 Equity Shares were allotted to Ravinder Dhaliwal (jointly with Harsharn Kaur Dhaliwal, who is the second holder), 3,000 Equity Shares were allotted to Harsharn Kaur Dhaliwal (jointly with Ravinder Dhaliwal, who is the second holder) and 3,000 Equity Shares were allotted to Rachhpal Singh Bharaj

(6) 7,000 Equity Shares were allotted to Harpal Singh Kalsi, 3,000 Equity Shares were allotted to Subhash Chander, 3,000 Equity Shares were allotted to Pooja Rani, 7,000 Equity Shares were allotted to Joginder Singh Nijjar, 3,000 Equity Shares were allotted to Jatinder Singh, 3,000 Equity Shares were allotted to Gurpreet Kaur, 3,000 Equity Shares were allotted to Jatinder Singh Samra (jointly with Gurpreet Kaur, who is the second holder), 3,000 Equity Shares were allotted to Amardeep Samra, 3,000 Equity Shares were allotted to Harinder Singh, 3,000 Equity Shares were allotted to Harinder Kaur, 3,000 Equity Shares were allotted to Harinder Singh Samra (jointly with Harinder Kaur, who is the second holder), 3,000 Equity Shares were allotted to Sonia Samra, 3,000 Equity Shares were allotted to Hardish Singh (jointly with Gurbax Kaur, who is the second holder), 3,000 Equity Shares were allotted to Gurbax Kaur, 3,000 Equity Shares were allotted to Hardish Singh Samra, 3,000 Equity Shares were allotted to Ravinder Singh, 14,000 Equity Shares were allotted to Karamjit Singh Sarohia, 3,000 Equity Shares were allotted to Naresh Jain, 7,000 Equity Shares were allotted to Sewa Singh (jointly with Balbir Kaur, who is the second holder), 3,000 Equity Shares were allotted to Tarlok Chand Pasi (jointly with Ranjana Passi, who is the second holder), 10,000 Equity Shares were allotted to Ram Murti Sood, 100,000 Equity Shares were allotted to Amarjit Singh (jointly with Baldev Singh, who is the second holder), 3,000 Equity Shares were allotted to Vipan Sharma, 3,000 Equity Shares were allotted to Agyapal Singh (jointly with Harpreet Kaur who is the second holder), 3,000 Equity Shares were allotted to Jatinder Kaur (jointly with Jasbir Singh, who is the second holder), 3,000 Equity Shares were allotted to Jasbir Singh (jointly with Jatinder Kaur, who is the second holder), 3,000 Equity Shares were allotted to Deepti Kaushal (jointly with Dinesh Kaushal, who is the second holder), 3,000 Equity Shares were allotted to Jasbir Singh Toor, 10,000 Equity Shares were allotted to Puneet Lally, 20,000 Equity Shares were allotted to Kulwinder Kumar Bhanot (jointly with Snehalata Bhanot, who is the second holder), 3,000 Equity Shares were allotted to Ravinder Kumar Sood (jointly with Ram Sarup Sood, who is the second holder), 3,000 Equity Shares were allotted to Baghel Singh, 3,300 Equity Shares were allotted to Charan Kaur (jointly with Manjit Kaur, who is the second holder), 3,000 Equity Shares were allotted to Mohinder Singh, 3,000 Equity Shares were allotted to Dharamvir Sood (jointly with Parveen Sood, who is the second holder), 3,000 Equity Shares were allotted to Inderjit Kaur (jointly with Budh Singh, who is the second holder), 3,000 Equity Shares were allotted to Geeta Rani(jointly with Vijay Paul Singh, who is the second holder), 3,300 Equity Shares were allotted to Dilbag Singh, 3,300 Equity Shares were allotted to Ranjit Singh, 3,000 Equity Shares were allotted to Charanjit Singh, 3,000 Equity Shares were allotted to Dharminder Singh (jointly with Sukhdeep Kaur, who is the second holder), 3,000 Equity Shares were allotted to Anika Taheam (jointly with Anil Taheam, who is the second holder), 3,000 Equity Shares were allotted to Deepak Arora (jointly with Harbhagwan, who is the second holder), 3,000 Equity Shares were allotted to Gurmej Singh, 3,000 Equity Shares were allotted to Major Singh Dhillon (jointly with Kashmir Kaur, who is the second holder), 3,000 Equity Shares were allotted to Kashmir Kaur (jointly with Major Singh Dhillon, who is the second holder), 3,000 Equity Shares were allotted to Avinash Kalia, 3,000 Equity Shares were allotted to Sukhdev Raj and 3,000 Equity Shares were allotted to Mohinder Singh (jointly with Rajwinder Kaur, who is the second holder)

(7) 3,000 Equity Shares were allotted to Gurdev Singh Mann (jointly with Manjeet Kaur Mann, who is a second holder), 10,000 Equity Shares were allotted to Jasbir Singh, 3,000 Equity Shares were allotted to Jaswinder Singh Nagpal (jointly with Sonia Nagpal, who is the second holder), 3,000 Equity Shares were allotted to Sonia Nagpal (jointly with Jaswinder Singh Nagpal, who is the

second holder), 3,000 Equity Shares were allotted to Gurdev Singh, 3,300 Equity Shares were allotted to Santosh Gupta, 3,300 Equity Shares were allotted to Narendar Kumar Gupta, 3,000 Equity Shares were allotted to Manohar Lal Kanda (jointly with Arun Kanda, who is the second holder), 6,000 Equity Shares were allotted to Jaswant Kaur, 6,000 Equity Shares were allotted to Gurdip Singh Rai, 5,000 Equity Shares were allotted to Satish Aggarwal, 3,000 Equity Shares were allotted to Anoop Kumar (jointly with Jasveera Anoop Minhas, who is a second holder), 3,000 Equity Shares were allotted to Arvinder Makkar (jointly with Simi Makkar, who is a second holder), 5,000 Equity Shares were allotted to Sudhir Aggarwal, 3,000 Equity Shares were allotted to Vikas Kumar, 3,000 Equity Shares were allotted to Harmeet Pal Singh HUF, 3,000 Equity Shares were allotted to Sumit Vij, 3,000 Equity Shares were allotted to Rajiv Aggarwal, 3,000 Equity Shares were allotted to Vijayender Mahant, 3,000 Equity Shares were allotted to Jasbir Singh, 3,000 Equity Shares were allotted to Adish Jain (jointly with Navita Jain, who is the second holder), 3,000 Equity Shares were allotted to Navita Jain (jointly with Adish Jain, who is the second holder), 3,000 Equity Shares were allotted to Ashok Kapur, 3,000 Equity Shares were allotted to Dimple Kapur, 3,000 Equity Shares were allotted to Gurcharan Singh, 3,000 Equity Shares were allotted to Gurmesh Chadda (jointly with Garish Chadda, who is the second holder), 3,000 Equity Shares were allotted to Ranjit Singh (jointly with Balwinder Kaur, who is the second holder), 3,000 Equity Shares were allotted to Balwinder Kaur (jointly with Ranjit Singh, who is a second holder), 3,000 Equity Shares were allotted to Jhalman Singh Kooner (jointly with Balbir Kaur Kooner, who is the second holder), 3,000 Equity Shares were allotted to Tarsem Lal Gogna, 3,000 Equity Shares were allotted to Sudarshan Singh Tuli, 3,000 Equity Shares were allotted to Surinder Juneja (jointly with Sandeep Juneja, who is a second holder), 3,000 Equity Shares were allotted to Harnam Singh Kalra (jointly with Jasbir Kaur Kalra, who is a second holder), 3,000 Equity Shares were allotted to Maninderjit Singh, 3,000 Equity Shares were allotted to Paramjit Kaur, 3,000 Equity Shares were allotted to Seema Gogna, 4,000 Equity Shares were allotted to Dyal Singh, 6,000 Equity Shares were allotted to Jagdeep Singh Ubhi, 3,000 Equity Shares were allotted to Charan Singh, 3,000 Equity Shares were allotted to Rajinder Kaur, 3,000 Equity Shares were allotted to Jaswinder Singh (jointly with Gurpal Singh, who is a second holder), 3,000 Equity Shares were allotted to Harjinder Singh (jointly with Sukhjeet Kaur, who is a second holder), 3,000 Equity Shares were allotted to Iqbal Singh (jointly with Manjit Kaur, who is a second holder), 3,000 Equity Shares were allotted to Akhtar Hussain, 3,000 Equity Shares were allotted to Gurdev Singh, 3,300 Equity Shares were allotted to Baldev Raj Rallan and 5,000 Equity Shares were allotted to Sandeep Raj Rallan

(8) *5,000 Equity Shares were allotted to Surinder Rallan, 7,500 Equity Shares were allotted to Satwinder Kaur (jointly with Kuldeep Singh, who is the second holder), 3,000 Equity Shares were allotted to Kulwinder Kaur, 3,000 Equity Shares were allotted to Arvinder Singh Roopra, 3,000 Equity Shares were allotted to Balvir Kaur (jointly with Satpal Singh, who is the second holder), 3,000 Equity Shares were allotted to Ranjit Singh, 3,000 Equity Shares were allotted to Major Singh, 3,000 Equity Shares were allotted to Major Singh, 3,000 Equity Shares were allotted to Amar Singh, 3,000 Equity Shares were allotted to Himat Singh, 3,000 Equity Shares were allotted to Satwinder Singh, 3,000 Equity Shares were allotted to Kulwant Kaur, 3,000 Equity Shares were allotted to Ram Lubhaya, 3,000 Equity Shares were allotted to Ranjit Singh (jointly with Satnam Kaur, who is the second holder), 3,000 Equity Shares were allotted to Tarlok Nath (jointly with Rup Rani, who is the second holder), 3,000 Equity Shares were allotted to J.S. Atwal, 3,000 Equity Shares were allotted to Harwinder Singh, 3,000 Equity Shares were allotted to Avtar Sond (jointly with Surinder Sond, who is the second holder), 3,000 Equity Shares were allotted to Manmohan Singh (jointly with Sukhbir Singh, who is the second holder), 5,000 Equity Shares were allotted to Sarwan Singh (jointly with Rajwinder Singh, who is the second holder), 3,300 Equity Shares were allotted to Ajit Singh Sandhu (jointly with Rajinder Kaur, who is the second holder), 3,000 Equity Shares were allotted to Manjinder Singh, 3,300 Equity Shares were allotted to Sukhbir Kaur (jointly with Manpreet Kaur, who is the second holder), 3,000 Equity Shares were allotted to Surinder Singh, 3,000 Equity Shares were allotted to Amar Singh (jointly with Santokh Kaur, who is the second holder), 3,000 Equity Shares were allotted to Amarjeet Kaur, 3,000 Equity Shares were allotted to Sukhwinder Singh, 3,300 Equity Shares were allotted to Nirmal Singh, 3,000 Equity Shares were allotted to Kuldeep Kaur, 3,000 Equity Shares were allotted to Om Parkash (jointly with Parveen Rani, who is the second holder), 3,000 Equity Shares were allotted to Kuldeep Kapila (jointly with Sudheer Kapila, who is the second holder), 3,000 Equity Shares were allotted to Dr. Anurag Arora, 3,000 Equity Shares were allotted to Vijay Kumar Vij (jointly with Shikha Vij, who is the second holder), 3,000 Equity Shares were allotted to Gautam Aggarwal (jointly with Manisha Aggarwal, who is the second holder) 3,000 Equity Shares were allotted to Ashwani Kapoor, 3,000 Equity Shares were allotted to Krishana Kumari Aery (jointly with Harish Chander Aery, who is the second holder), 15,000 Equity Shares were allotted to Renuka Ohri (jointly with Parmal Kumar Ohri, who is the second holder), 15,000 Equity Shares were allotted to Parmal Kumar Ohri (jointly with Renuka Ohri who is the second holder), 3,000 Equity Shares were allotted to Anita Jain (jointly with Harjiwan Kumar Jain, who is the second holder), 3,000 Equity Shares were allotted to Deepankar Aggarwal, 3,000 Equity Shares were allotted to Naranjan Dass, 5,000 Equity Shares were allotted to Harjeet Singh and 3,000 Equity Shares were allotted to Vijay Dhammi*

(9) *3,500 Equity Shares were allotted to Kamal Tandon (jointy with Baldev Kumar Tandon, who is the second holder), 3,000 Equity Shares were allotted to Jatinder Kanojia (jointly with Pran Nath Kanojia, who is the second holder), 2,000 Equity Shares were allotted to Shelly Anand (jointly with Gulshan Anand, who is the second holder), 3,000 Equity Shares were allotted to Manmohan Singh (jointly with Charanjit Singh, who is the second holder), 5,000 Equity Shares were allotted to Rakesh Kumar Sharma, 1,000 Equity Shares were allotted to Dharminder Singh Takhar, 1,000 Equity Shares were allotted to Navjot Kaur, 1,000 Equity Shares were allotted to Shelly Rani Sahay, 3,000 Equity Shares were allotted to Pawan Kumar Arora, 10,000 Equity Shares were allotted to Amrik Singh Sunner, 1,000 Equity Shares were allotted to Amit Nagar, 3,800 Equity Shares were allotted to Kulwant Singh (jointly with Rajwinder Kaur, who is the second holder), 3,000 Equity Shares were allotted to Ravinder Kumar Sethi, 1,000 Equity Shares were allotted to Jatinder Arora (jointly with Anju Arora, who is the second holder), 5,000 Equity Shares were allotted to Sumanpreet Kaur, 2,000 Equity Shares were allotted to Ranit Jain, 1,000 Equity Shares were allotted to Deepak Kumar, 1,000 Equity Shares were allotted to Vinayak Punj (jointly with Kiran Punj, who is the second holder), 2,000 Equity Shares were allotted to Ganesh Datt Sharma, 10,000 Equity Shares were allotted to Baljinder Singh Samra (jointly with Surinder Kaur Samra, who is the second holder), 3,600 Equity Shares were allotted to Ritesh Soni (jointly with Narinder Soni, who is the second holder), 3,200 Equity Shares were allotted to Ritesh Soni (jointly with Neeru Soni, who is the second holder), 3,200 Equity Shares were allotted to Ritesh Soni (jointly with Gaurav Soni, who is the second holder), 5,000 Equity Shares were allotted to Parveen Maggu (jointly with Asha Rani Maggu, who is the second holder), 2,000 Equity Shares were allotted to Shelly Jain (jointly with Ranit Jain, who is the second holder), 3,000 Equity Shares were allotted to Jasdeep Singh, 1,000 Equity Shares were allotted to Ashok Goyal, 3,000 Equity Shares were allotted to T.S. Sachdeva (jointly with Satinder Sachdeva, who is the second holder), 3,000 Equity Shares were allotted to Avtar Singh Midha (jointly with Jasvinder Kaur, who is the second holder), 3,000 Equity Shares were allotted to Gagan Arora, 2,000 Equity Shares were allotted to Kulwant Kaur, 3,800 Equity Shares were allotted to Sucha Ram, 1,000 Equity Shares were allotted to Mohinder Pal, 1,800 Equity Shares were allotted to Mahesh Kumar, 1,000 Equity Shares were allotted to Ashok Kumar, 1,000 Equity Shares were allotted to Gurpreet Singh, 3,800 Equity Shares were allotted to Kulwant Singh, 3,000 Equity Shares were allotted to Santosh Kumar Dhawan, 2,000 Equity Shares were allotted to Vishal Bharti (jointly with Vandana Bharti, who is the second holder), 1,500 Equity Shares were allotted to Madhukar Airee (jointly with Sangeeta Airee, who is the second holder), 1,500 Equity Shares were allotted to Vinod Sharma, 1,000 Equity Shares were allotted to Ravi Ghai, 1,000 Equity Shares were allotted to Harmeet Singh Bhogal, 2,500 Equity Shares were allotted to Harkamal Singh, 3,000 Equity Shares were allotted to Rajiv Sood and 5,000 Equity Shares were allotted to Meenu Narula*

(10) 129,200 Equity Shares were allotted to Kulbir Singh Johal, 133,300 Equity Shares were allotted to Kulbir Singh Johal (jointly with Swaran Kaur, who is the second holder), 25,000 Equity Shares were allotted to Jaswinder Singh Judje, 15,000 Equity Shares were allotted to Jagir Singh Bassi (jointly with Surinder Kaur Bassi, who is the second holder), 80,000 Equity Shares were allotted to Gurdev Singh Samra (jointly with Balbir Kaur Samra, who is the second holder), 340,000 Equity Shares were allotted to Raspal Singh Virk (jointly with Surinder Kaur Virk, who is the second holder), 230,000 Equity Shares were allotted to Balbir Singh (jointly with Joginder Kaur, who is the second holder), 7,000 Equity Shares were allotted to Sarjit Sahota, 54,000 Equity Shares were allotted to Rakesh Sharma (jointly with Parveen Lata Sharma, who is the second holder), 100,000 Equity Shares were allotted to Raghbir Singh Basi, 20,000 Equity Shares were allotted to Dilbag Singh, 167,000 Equity Shares were allotted to Jagjit Kumari (jointly with Bhopinder Singh Sangha, who is the second holder and Master Arjun Singh Sangha, who is the third holder), 50,000 Equity Shares were allotted to Avtar Singh, 200,000 Equity Shares were allotted to Karnail Singh (jointly with Ramesh Kumar, who is the second holder and Harbinder Singh, who is the third holder), 13,100 Equity Shares were allotted to Keshav Dada, 6,900 Equity Shares were allotted to Keshav Dada, 100,000 Equity Shares were allotted to Kuldeep Singh Grewal and 100,000 Equity Shares were allotted to Paramjit Kaur Grewal

(11) 6,000 Equity Shares were allotted to Rajinder Singh, 6,000 Equity Shares were allotted to Piara Singh, 12,000 Equity Shares were allotted to Manjit Kaur (jointly with Jaswinder Singh, who is the second holder and Harvinder Singh, who is the third holder), 7,000 Equity Shares were allotted to Gagandeep Singh, 6,000 Equity Shares were allotted to Sanjeev Kumar, 10,000 Equity Shares were allotted to Parvinder Kaur, 2,000 Equity Shares were allotted to Gurchetan Singh (jointly with Balbir Kaur, who is the second holder), 10,000 Equity Shares were allotted to Shingara Singh (jointly with Parvinder Kaur, who is the second holder and Amandeep Singh, who is the third holder), 40,000 Equity Shares were allotted to Sarvjit Singh Dhillon, 10,000 Equity Shares were allotted to Paramjit Singh, 1,000 Equity Shares were allotted to Donny Gill (jointly with Harbans Kaur Gill, who is the second holder), 6,000 Equity Shares were allotted to Malkit Singh, 6,000 Equity Shares were allotted to Amrik Singh, 6,000 Equity Shares were allotted to Nirmal Singh, 1,000 Equity Shares were allotted to Gurmej Singh, 7,000 Equity Shares were allotted to Parvinder Singh Dhandwar, 10,000 Equity Shares were allotted to Joginder Singh Samra (jointly with Beant Kaur, who is the second holder), 6,000 Equity Shares were allotted to Gurinder Singh Sandhu, 10,000 Equity Shares were allotted to Kewal Singh Takhar, 22,000 Equity Shares were allotted to Gurpal Singh, 10,000 Equity Shares were allotted to Kuldeep Singh (jointly with Satwinder Kaur, who is the second holder), 10,000 Equity Shares were allotted to Ram Lal, 2,500 Equity Shares were allotted to Gurpreet Singh (jointly with Harpreet Singh, who is the second holder), 7,500 Equity Shares were allotted to Gurpreet Singh, 1,000 Equity Shares were allotted to Harwinder Kumar, 1,000 Equity Shares were allotted to Bakhsho Mehmi, 2,000 Equ ity Shares were allotted to Ishvinder Pal Singh, 11,500 Equity Shares were allotted to Amrik Singh Khera, 2,000 Equity Shares were allotted to Munish Jain, 20,000 Equity Shares were allotted to Amrik Singh Pooni, 38,775 Equity Shares were allotted to Sarvjit Singh Dhillon, 20,000 Equity Shares were allotted to Kuljit Singh and 12,000 Equity Shares were allotted to Amarpreet Kaur.

(12) 188,900 Equity Shares were allotted to Gurdev Singh Thind, 188,900 Equity Shares were allotted to Binderjit Singh Thind, 188,900 Equity Shares were allotted to Nirmal Singh Thind, 4,000 Equity Shares were allotted to Kamla Devi, 10,000 Equity Shares were allotted to Mohan Lal, 4,000 Equity Shares were allotted to Avtar Singh, 4,000 Equity Shares were allotted to Jaswinder Kaur (jointly with Jagir Singh, who is the second holder), 6,000 Equity Shares were allotted to Surinder Pal (jointly with Sarabjit Kaur, who is the second holder), 5,000 Equity Shares were allotted to Harbans Singh (jointly with Balbir Singh, who is the second holder), 7,400 Equity Shares were allotted to Dharam Singh Bal, 10,000 Equity Shares were allotted to Pardeep Lally, 5,500 Equity Shares were allotted to Harbhajan Singh, 6,700 Equity Shares were allotted to Gej Lal, 13,500 Equity Shares were allotted to Charanjit Kaur, 5,000 Equity Shares were allotted to Ram Paul Sahdev (jointly with Jatinder Kumar Sehdev, who is the second holder), 4,000 Equity Shares were allotted to Jaswant Singh (jointly with Ranjit Singh, who is the second holder), 5,000 Equity Shares were allotted to Tarsem Singh (jointly with Harbans Kaur, who is the second holder), 5,000 Equity Shares were allotted to Pargat Singh, 5,000 Equity Shares were allotted to Kuldeep Singh (jointly with Kamaljit Kaur, who is the second holder), 10,000 Equity Shares were allotted to Sohan Singh, 7,000 Equity Shares were allotted to Darshan Singh (jointly with Manjit Kaur, who is the second holder), 5,000 Equity Shares were allotted to Harjinder Singh (jointly with Piara Singh, who is the second holder), 5,000 Equity Shares were allotted to Gurnam Singh (jointly with Piara Singh, who is the second holder), 10,000 Equity Shares were allotted to Harjinder Singh (jointly with Sital Kaur, who is the second holder), 3,000 Equity Shares were allotted to Bakshish Singh (jointly with, Sukhwinder Kaur, who is the second holder), 5,000 Equity Shares were allotted to Bakshish Singh, 10,000 Equity Shares were allotted to Gurdial Singh, 7,000 Equity Shares were allotted to Ajmer Singh (jointly with Balwinder Kaur, who is the second holder), 6,000 Equity Shares were allotted to Santokh Singh, 13,000 Equity Shares were allotted to Puran Singh, 4,300 Equity Shares were allotted to Satnam Singh,7,000 Equity Shares were allotted to Paramjit Singh Dhaliwal (jointly with Maninder Kaur Dhaliwal, who is the second holder), 7,000 Equity Shares were allotted to Bahadur Singh Dhaliwal (jointly with Sarabjit Kaur, who is the second holder), 14,000 Equity Shares were allotted to Jasvir Singh, 6,000 Equity Shares were allotted to Jaswinder Singh (jointly with Baljeet Kaur, who is the second holder), 33,300 Equity Shares were allotted to Resham Singh, 7,000 Equity Shares were allotted to Tarlochan Singh, 7,000 Equity Shares were allotted to Tajinderjit Singh Samra and 6,700 Equity Shares were allotted to Nirmal Singh

(13) 3,000 Equity Shares were allotted to Poonam Gupta, 3,000 Equity Shares were allotted to Dharam Pal Grover, 3,000 Equity Shares were allotted to Anu Grover, 3,000 Equity Shares were allotted to Sarabjit Kumar, 3,000 Equity Shares were allotted to Promila Saini (jointly with Capt. Balbir Singh, who is the second holder), 3,000 Equity Shares were allotted to Chander Kanta, 10,000 Equity Shares were allotted to Satish Sharma (jointly with Shashi Sharma, who is the second holder), 3,000 Equity Shares were allotted to Poonam Miglani (jointly with Vineet Miglani, who is the second holder), 3,000 Equity Shares were allotted to Harbhajan Singh, 3,000 Equity Shares were allotted to Ravinder Sandhu (jointly with Bhupinder Singh Sandhu, who is the second holder), 3,000 Equity Shares were allotted to Bhupinder Sandhu (jointly with Gurpreet Kaur Sandhu, who is the second holder), 20,000 Equity Shares were allotted to Darshan Kumar Soni, 3,000 Equity Shares were allotted to Sudershan Kumar (jointly with Paramjit, who is the second holder), 4,000 Equity Shares were allotted to Parkash Singh (jointly with Joginder Kaur, who is the second holder), 4,000 Equity Shares were allotted to Parkash Singh, 3,000 Equity Shares were allotted to Dr. Sohan Lal Goel, 3,000 Equity Shares were allotted to Kulwinder Singh, 3,000 Equity Shares were allotted to Harsh Bunger and 3,000 Equity Shares were allotted to Jagdish Lal

(14) 4,000 Equity Shares were allotted to Gurchetan Singh (jointly with Balbir Kaur, who is the second holder), 100,000 Equity Shares were allotted to Lajpat Prashar (jointly with Raman Prashar, who is the second holder), 3,000 Equity Shares were allotted to Mohinder Singh, 5,000 Equity Shares were allotted to Varinder Shoor, 10,000 Equity Shares were allotted to Prem Kumar Sharma, 10,000 Equity Shares were allotted to Varinder Sharma, 3,000 Equity Shares were allotted to Jiwan Lata, 3,000 Equity Shares were allotted to Jai Pal, 3,000 Equity Shares were allotted to Vidhi Aggarwal, 16,700 Equity Shares were allotted to Rajwinder Kaur and 3,000 Equity Shares were allotted to Deepali Gupta (jointly with Dinesh Gupta, who is the second holder)

(15) 200,000 Equity Shares were allotted to Gurinder Singh Mann (jointly with Jaswant Kaur Mann, who is the second holder)

(16) 4,000 Equity Shares were allotted to Narinder Aggarwal, 7,500 Equity Shares were allotted to Madan Gopal Sharma (jointly with Sandeep Sharma, who is the second holder), 20,000 Equity Shares were allotted to Kuldeep Krishan Sardana (jointly with Suman Sardana, who is the second holder) and 4,000 Equity Shares were allotted to Ashwani Aggarwal

(17) 1,000 Equity Shares were allotted to Varinder Shoor

(18) 3,923,853 Equity Shares were allotted to existing shareholders of the Bank in the ratio of 1:3 pursuant to board resolution dated August 25, 2006

(19) 1,569,543 Equity Shares were allotted to 983 existing shareholders of the Bank in the ratio 1:10 pursuant to resolution of securities allotment committee dated October 9, 2014 and shareholders resolution dated September 27, 2014

(20) 5,754,922 Equity Shares were allotted to 532 existing shareholders of the Bank in the ratio 1:3 pursuant to board resolution dated December 30, 2015

(21) 1,322,400 Equity Shares were allotted to PI Ventures LLP, 1,322,400 Equity Shares were allotted to ICICI Prudential Life Insurance Company Limited and 1,322,400 Equity Shares were allotted to HDFC Standard Life Insurance Company Limited

(22) 1,349,650 Equity Shares were allotted to Small Industries Development Bank of India, 72,000 Equity Shares were allotted to M/s PI Ventures LLP and 72,000 Equity Shares were allotted to M/s HDFC Standard Life Insurance Co. Limited

(23) 107,054 Equity Shares were allotted to PI Ventures LLP, 1,345,303 Equity Shares were allotted to Amicus Capital Private Equity I LLP and 156,151 Equity Shares were allotted to Amicus Capital Partners India Fund I

(24) 185,526 Equity Shares were allotted to PI Ventures LLP, 166,232 Equity Shares were allotted to Amicus Capital Private Equity I LLP, 19,294 Equity Shares were allotted to Amicus Capital Partners India Fund I and 3,346,914 Equity Shares were allotted to Oman India Joint Investment Fund II

(25) 932 Equity Shares were allotted to Sumesh Gupta, 54 Equity Shares were allotted to Gurdit Singh, 272 Equity Shares were allotted to Navneet Bajaj, 187 Equity Shares were allotted to Poonam Sharda, 740 Equity Shares were allotted to Ashok Kumar Jain, 350 Equity Shares were allotted to Tarun Gupta, 1,206 Equity Shares were allotted to T.S Sachdeva, 297 Equity Shares were allotted to Vijay Beri, 157 Equity Shares were allotted to Harjit Singh, 420 Equity Shares were allotted to Harish Kumar, 178 Equity Shares were allotted to Daljeet Khosla, 146 Equity Shares were allotted to Nishant Mahajan, 840 Equity Shares were allotted to Vivek Kumar, 260 Equity Shares were allotted to Sahil Gupta, 283 Equity Shares were allotted to Sourabh Wadhwa, 433 Equity Shares were allotted to Pawan Kumar, 134 Equity Shares were allotted to Kiran Kumar, 1,246 Equity Shares were allotted to Vikram Kochhar, 716 Equity Shares were allotted to Neeraj Kumar, 387 Equity Shares were allotted to Vivek Shourie, 89 Equity Shares were allotted to Anil Kumar, 375 Equity Shares were allotted to Sandeep Nayyar, 296 Equity Shares were allotted to Gurpreet Singh, 564 Equity Shares were allotted to Kuldeep Singh, 342 Equity Shares were allotted to Gaurav Khera 260 Equity Shares were allotted to Neha Sikka, 629 Equity Shares were allotted to Aman Gupta, 143 Equity Shares were allotted to Jaswinder Singh Gill, 289 Equity Shares were allotted to Harinder Singh, 769 Equity Shares were allotted to Aruninder Kaushal, 55 Equity Shares were allotted to Surbhi Sharma, 1,598 Equity Shares were allotted to Bhupinder Singh, 174 Equity Shares were allotted to Jatinder Singh Bhatia, 351 Equity Shares were allotted to Ritesh Marwaha, 685 Equity Shares were allotted to Aman Batra, 838 Equity Shares were allotted to Inderpal Singh Sahni, 59 Equity Shares were allotted to Jyot Kamal Singh, 368 Equity Shares were allotted to Amit Kumar, 1,994 Equity Shares were allotted to Vishal Dhawan, 2,001 Equity Shares were allotted to Manoj Sodhi, 239 Equity Shares were allotted to Ravish Hari Preet, 979 Equity Shares were allotted to Manav Kumar Sodhi, 145 Equity Shares were allotted to Mukesh Sharma, 139 Equity Shares were allotted to Ravinder, 530 Equity Shares were allotted to Charanjit Singh, 305 Equity Shares were allotted to Puneet Kumar, 106 Equity Shares were allotted to Abha Medha, 1,526 Equity Shares were allotted to Richa Mahajan, 81 Equity Shares were allotted to Karundeep Kaur, 16,071 Equity Shares were allotted to Munish Jain, 379 Equity Shares were allotted to Munish Dhammi, 304 Equity Shares were allotted to Vikas Aery, 243 Equity Shares were allotted to Gurmukh Singh, 202 were allotted to Gaurav Bhatia, 303 Equity Shares were allotted to Gurjeet Singh, 147 Equity Shares were allotted to Kishore Kumar, 78 Equity Shares were allotted to Amit Sharma, 172 Equity Shares were allotted to Vikas Najotra, 100 Equity Shares were allotted to Sumanjit Kaur, 304 Equity Shares were allotted to Manohar Singh, 182 Equity Shares were allotted to Amandeep Singh, 102 Equity Shares were allotted to Meena Kumari, 162 Equity Shares were allotted to Preety Marwaha, 430 Equity Shares were allotted to Manpreet Singh Badal, 638 Equity Shares were allotted to Gagan Mohindru, 131 Equity Shares were allotted to Adish, 327 Equity Shares were allotted to Ram Lal, 334 Equity Shares were allotted to Avneeet Bawa, 147 Equity Shares were allotted to Navbeer Singh Gill, 356 Equity Shares were allotted to Madhukar Airee, 717 Equity Shares were allotted to Ajay Chadha, 119 Equity Shares were allotted to Varun Saini, 415 Equity Shares were allotted to Sumesh Kumar Sharma, 402 Equity Shares were allotted to Ritesh Gakhar, 2,871 Equity Shares were allotted to Kamal Tandon, 423 Equity Shares were allotted to Tejinder Singh, 305 Equity Shares were allotted to Ajay Kumar, 313 Equity Shares were allotted to Lakhwinder Kaur, 761 Equity Shares were allotted to Vivek Nagar, 722 Equity Shares were allotted to Ishwinder Pal Singh, 132 Equity Shares were allotted to Piyush Jain, 644 Equity Shares were allotted to Vikram Jit Singh, 288 Equity Shares were allotted to Avtar Singh, 843 Equity Shares were allotted to Pradeep Maratha, 853 Equity Shares were allotted to Shivani Sharma, 326 Equity Shares were allotted to Kunal Chatrath, 743 Equity Shares were allotted to Pawan Kumar Arora, 239 Equity Shares were allotted to Sandeep Narang, 170 Equity Shares were allotted to Dipanshu Sharma, 236 Equity Shares were allotted to Sandeep Sharma, 67 Equity Shares were allotted to Vishal Thakur, 834 Equity Shares were allotted to Jasdeep Singh, 238 Equity Shares were allotted to Amitoj Singh, 272 Equity Shares were allotted to Sunil Kumar, 51 Equity Shares were allotted to Baljit Singh, 131 Equity Shares were allotted to Niharika Jain, 143 Equity Shares were allotted to Davinder Verma, 1,234 Equity Shares were allotted to Rajiv Malhotra, 162 Equity Shares were allotted to Pushminder Singh, 302 Equity Shares were allotted to Vishal Salwan, 149 Equity Shares were allotted to Chanchal Khera, 279 Equity Shares were allotted to Prabhjot Kaur, 945 Equity Shares were allotted to Bisampal Singh, 95 Equity Shares were allotted to Gurpreet Singh, 169 Equity Shares were allotted to Gurwinder Kaur, 527 Equity Shares were allotted to Tarun Taxali, 91 Equity Shares were allotted to Mandeep Kalia, 474 Equity Shares were allotted to Navjot Singh, 1,252 Equity Shares were allotted to Baljit Singh, 705 Equity Shares were allotted to Manjeet Kaur, 1,177 Equity Shares were allotted to Parun Gupta, 70 Equity Shares were allotted to Pankaj Sharma, 132 Equity Shares were allotted to Shahshi Sharma, 1,677 Equity Shares were allotted to Harvinder Singh and 2,873 Equity Shares were allotted to Anuraj Kumar Bhardwaj.

(26) 412 Equity Shares were allotted to Gurbinder Singh Thind, 371 Equity Shares were allotted to Harpreet Singh, 391 Equity Shares were allotted to Nandeep Chaudhary, 84 Equity Shares were allotted to Gulshan Kumar, 230 Equity Shares were allotted to Hitesh Sondhi, 482 Equity Shares were allotted to Makhan Singh, 592 Equity Shares were allotted to Kartik Malhotra, 308 Equity Shares were allotted to Vimal Dhir, 143 Equity Shares were allotted to Ginni, 167 Equity Shares were allotted to Sonia Aggarwal, 111 Equity Shares were allotted to Jasmeen Kaur Manj, 111 Equity Shares were allotted to Dharminder, 240 Equity Shares were allotted to Reeta Gupta, 726 Equity Shares were allotted to Ritesh Sharma, 683 Equity Shares were allotted to Gurpreet Singh, 88 Equity Shares were allotted to Navneet Kaur, 427 Equity Shares were allotted to Sameer Mahawar, 1,659 Equity Shares were allotted to Sahil Vijay, 926 Equity Shares were allotted to Sangeeta Kundra, 1,115 Equity Shares were allotted to Raghav Aggarwal, 194 Equity Shares were allotted to Varun Gandhi, 1,189 Equity Shares were allotted to Aseem Mahajan, 791 Equity Shares were allotted to Vinayak Punj, 602 Equity Shares were allotted to Kumar Gautam Arora, 255 Equity Shares were allotted to Jaswinder Singh and 85 Equity Shares were allotted to Tanvi Sharma

(27) 55 Equity Shares were allotted to Ranjana Khosla, 103 Equity Shares were allotted to Jatinder Kumar, 460 Equity Shares were allotted to Navjot Singh Dhiman, 717 Equity Shares were allotted to Dalip Kumar, 630 Equity Shares were allotted to Meenu Goel, 224 Equity Shares were allotted to Tarun Sukhija, 541 Equity Shares were allotted to Vishu Sharma, 395 Equity Shares were allotted to Kapil Khullar, 399 Equity Shares were allotted to Pankaj Goel, 397 Equity Shares were allotted to Varinder Sharma, 289 Equity Shares were allotted to Ruchi Gupta, 217 Equity Shares were allotted to Chetan Sharma, 279 Equity Shares were allotted to Mohit Soni, 586 Equity Shares were allotted to Parveen Kumar Maggu, 56 Equity Shares were allotted to Ashish Gupta,

588 Equity Shares were allotted to Ajay Kumar, 387 Equity Shares were allotted to Vishal Madan, 99 Equity Shares were allotted to Kavya Sinha, 844 Equity Shares were allotted to Ramnik Nayyar, 789 Equity Shares were allotted to Jatinder Arora, 784 Equity Shares were allotted to Ravi Kumar, 2,220 Equity Shares were allotted to S.K. Dhawan, 193 Equity Shares were allotted to Amandeep Singh Hundal, 93 Equity Shares were allotted to Maneet Singh, 237 Equity Shares were allotted to Manvata, 104 Equity Shares were allotted to Richa Jain, 144 Equity Shares were allotted to Rajiv Sharma, 127 Equity Shares were allotted to Balwinder Singh, 849 Equity Shares were allotted to Harpreet Singh Arora, 55 Equity Shares were allotted to Nikhil Sood, 760 Equity Shares were allotted to Manu Sharma, 431 Equity Shares were allotted to Vishal Kumar, 2,458 Equity Shares were allotted to Varinder Shoor, 1,218 Equity Shares were allotted to Rajiv Sood, 332 Equity Shares were allotted to Aanchal Verma, 739 Equity Shares were allotted to Gagandeep Singh Walia and 433 Equity Shares were allotted to Navneet Kaur Verma

(28) 508 Equity Shares were allotted to Suresh Kumar, 185 Equity Shares were allotted to Pawan Kumar, 753 Equity Shares were allotted to Bhupinder Singh, 854 Equity Shares were allotted to Jatinder Kalra, 217 Equity Shares were allotted to Amit Katyal, 160 Equity Shares were allotted to Mahesh Kumar, 249 Equity Shares were allotted to Gagandeep Sachdeva, 236 Equity Shares were allotted to Kunchit Sud, 384 Equity Shares were allotted to Parambir Singh, 129 Equity Shares were allotted to Mayank Sharma, 573 Equity Shares were allotted to Nitin Mitter Sardana, 468 Equity Shares were allotted to Okesh Mittal, 343 Equity Shares were allotted to Arun Sehgal, 183 Equity Shares were allotted to Varun Bhatia, 75 Equity Shares were allotted to Puneet Jain, 749 Equity Shares were allotted to Manish Khurana, 674 Equity Shares were allotted to Neha Pandey, 224 Equity Shares were allotted to Jatinder Kanojia, 89 Equity Shares were allotted to Abhishek Mahindru, 267 Equity Shares were allotted to Parmjit Singh, 569 Equity Shares were allotted to Anureet Pattar, 67 Equity Shares were allotted to Ishant Kumar, 296 Equity Shares were allotted to Mandeep Kumar Kalia, 425 Equity Shares were allotted to Gurumukh Singh, 71 Equity Shares were allotted to Heena Sharma, 321 Equity Shares were allotted to Rajan Kumar, 179 Equity Shares were allotted to Jatin Mittu, 111 Equity Shares were allotted to Sandeep Sharma, 334 Equity Shares were allotted to Rajesh Kumar Kohli, 60 Equity Shares were allotted to Sandeep Singh Shergill, 401 Equity Shares were allotted to Harvinder Kumar, 124 Equity Shares were allotted to Kapil Khanna, 487 Equity Shares were allotted to Deepak Kapoor, 79 Equity Shares were allotted to Madhvi Kapoor, 445 Equity Shares were allotted to Vaneet Kumar Sharda, 120 Equity Shares were allotted to Kumar Gautam, 171 Equity Shares were allotted to Saroj Bala, 222 Equity Shares were allotted to Gobind Singh, 120 Equity Shares were allotted to Satwinder Kaur, 682 Equity Shares were allotted to Paramjeet Singh Manhas, 1,074 Equity Shares were allotted to Tejpal Singh Dhingra, 51 Equity Shares were allotted to Nitesh Girdhar, 138 Equity Shares were allotted to Tejinder Singh, 495 Equity Shares were allotted to Parvinder Singh Dhadwar, 115 Equity Shares were allotted to Mangat Bhardwaj, 156 Equity Shares were allotted to Ajay Ghai, 234 Equity Shares were allotted to Amrinder Singh, 230 Equity Shares were allotted to Pardeep Singh, 469 Equity Shares were allotted to Rohit Kapoor, 135 Equity Shares were allotted to Munish Goyal, 195 Equity Shares were allotted to Balwinder Singh, 95 Equity Shares were allotted to Kuldip Chand, 87 Equity Shares were allotted to Harinder Singh and 343 Equity Shares were allotted to Rajan Gupta

(29) 176 Equity Shares were allotted to Kishor Kumar, 174 Equity Shares were allotted to Mukesh Sharma, 1,006 Equity Shares were allotted to Inderpal Singh Sahni, 327 Equity Shares were allotted to Navneet Bajaj, 888 Equity Shares were allotted to Ashok Kumar Jain, 1,496 Equity Shares were allotted to Vikram Kochhar, 3,445 Equity Shares were allotted to Kamal Tandon, 224 Equity Shares were allotted to Poonam Sharda, 420 Equity Shares were allotted to Tarun Gupta, 410 Equity Shares were allotted to Gaurav Khera, 66 Equity Shares were allotted to Surbhi Sharma, 154 Equity Shares were allotted to Mayank Sharma, 161 Equity Shares were allotted to Kiran Kumar, 311 Equity Shares were allotted to Sahil Gupta, 299 Equity Shares were allotted to Gagandeep Sachdeva, 84 Equity Shares were allotted to Pankaj Kumar Sharma, 1,011 Equity Shares were allotted to Pradeep Maratha, 504 Equity Shares were allotted to Harish Kumar, 755 Equity Shares were allotted to Aman Gupta, 923 Equity Shares were allotted to Aruninder Kaushal, 269 Equity Shares were allotted to Tarun Sukhija, 455 Equity Shares were allotted to Munish Dhammi, 469 Equity Shares were allotted to Nandeep Chaudhary, 188 Equity Shares were allotted to Harjit Singh, 171 Equity Shares were allotted to Jaswinder Singh Gill, 71 Equity Shares were allotted to Jyot Kamal Singh, 202 Equity Shares were allotted to Pranjay Grover, 364 Equity Shares were allotted to Manohar Singh, 346 Equity Shares were allotted to Harinder Singh, 866 Equity Shares were allotted to Ishwinder Pal Singh, 75 Equity Shares were allotted to Anupam Nagpal, 1,412 Equity Shares were allotted to Parun Gupta, 231 Equity Shares were allotted to Amandeep Singh Hundal, 450 Equity Shares were allotted to Sandeep Nayyar, 1,019 Equity Shares were allotted to Harpreet Singh Arora, 172 Equity Shares were allotted to Ginni, 512 Equity Shares were allotted to Sameer Mahawar, 1991 Equity Shares were allotted to Sahil Vijay, 218 Equity Shares were allotted to Amandeep Singh, 100 Equity Shares were allotted to Gulshan Kumar, 636 Equity Shares were allotted to Charanjit Singh, 287 Equity Shares were allotted to Ravish Hari Preet Singh, 860 Equity Shares were allotted to Dalip Kumar, 19,285 Equity Shares were allotted to Munish Jain, 98 Equity Shares were allotted to Karundeep Kaur, 482 Equity Shares were allotted to Ritesh Gakhar, 912 Equity Shares were allotted to Manu Sharma, 940 Equity Shares were allotted to Manav Kumar Modi, 1,427 Equity Shares were allotted to Aseem Mahajan, 1,918 Equity Shares were allotted to Bhupinder Singh, 1,008 Equity Shares were allotted to Vivek Kumar Mahajan, 442 Equity Shares were allotted to Amit Kumar, 887 Equity Shares were allotted to Gagandeep Singh Walia, 755 Equity Shares were allotted to Meenu Goel, 479 Equity Shares were allotted to Pankaj Goel, 209 Equity Shares were allotted to Jatinder Singh Bhatia, 191 Equity Shares were allotted to Sarabjit Singh, 335 Equity Shares were allotted to Prabhjot Kaur, 401 Equity Shares were allotted to Avneet Bawa, 649 Equity Shares were allotted to Vishu Sharma, 339 Equity Shares were allotted to Sourabh Wadhwa, 200 Equity Shares were allotted to Sonia Aggarwal, 308 Equity Shares were allotted to Jaswinder Singh, 821 Equity Shares were allotted to Aman Batra, 1,134 Equity Shares were allotted to Bisampal Singh, 375 Equity Shares were allotted to Lakhwinder Kaur, 498 Equity Shares were allotted to Sumesh Kumar Sharma, 143 Equity Shares were allotted to Varun Saini, 1,025 Equity Shares were allotted to Jatinder Kalra, 2,013 Equity Shares were allotted to Harvinder Singh, 283 Equity Shares were allotted to Sandeep Sharma, 347 Equity Shares were allotted to Ruchi Gupta, 107 Equity Shares were allotted to Abhishek Mahindru, 1,118 Equity Shares were allotted to Sumesh Gupta, 67 Equity Shares were allotted to Ashish Gupta, 284 Equity Shares were allotted to Manvata, 551 Equity Shares were allotted to Navjot Singh, 204 Equity Shares were allotted to Dipanshu Sharma, 176 Equity Shares were allotted to Navbeer Singh, 519 Equity Shares were allotted to Navneet Kaur Verma, 3,448 Equity Shares were allotted to Anuraj Kumar Bhardwaj, 94 Equity Shares were allotted to Amit Sharma, 1,001 Equity Shares were allotted to Jasdeep Singh, 399 Equity Shares were allotted to Anchal Mehra, 233 Equity Shares were allotted to Varun Gandhi, 1,334 Equity Shares were allotted to Neha Pandey, 809 Equity Shares were allotted to Neha Pandey, 703 Equity Shares were allotted to Parveen Maggu, 1,111 Equity Shares were allotted to Sangeeta Vachher, 1,481 Equity Shares were allotted to Rajiv Malhotra and 124 Equity Shares were allotted to Kushlesh Kumar

(b) ***Preference Share capital***

Our Bank does not have any outstanding preference shares as on the date of the filing of this Draft Red Herring Prospectus.

2. **Offer of Equity Shares at a price lower than the Offer Price in the last year**

Except as disclosed below, our Bank has not issued any Equity Shares during a period of one year preceding the date of this Draft Red Herring Prospectus at a price that may be below the Offer Price.

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reason for allotment
February 25, 2021	19,232	10	98	Cash	Allotment under ESOP 2018[(1)]
May 7, 2021	16,421	10	98	Cash	Allotment under ESOP 2018[(2)]
June 29, 2021	75,865	10	98	Cash	Allotment under ESOP 2018[(3)]

(1) *55 Equity Shares were allotted to Ranjana Khosla, 103 Equity Shares were allotted to Jatinder Kumar, 460 Equity Shares were allotted to Navjot Singh Dhiman, 717 Equity Shares were allotted to Dalip Kumar, 630 Equity Shares were allotted to Meenu Goel, 224 Equity Shares were allotted to Tarun Sukhija, 541 Equity Shares were allotted to Vishu Sharma, 395 Equity Shares were allotted to Kapil Khullar, 399 Equity Shares were allotted to Pankaj Goel, 397 Equity Shares were allotted to Varinder Sharma, 289 Equity Shares were allotted to Ruchi Gupta, 217 Equity Shares were allotted to Chetan Sharma, 279 Equity Shares were allotted to Mohit Soni, 586 Equity Shares were allotted to Parveen Kumar Maggu, 56 Equity Shares were allotted to Ashish Gupta, 588 Equity Shares were allotted to Ajay Kumar, 387 Equity Shares were allotted to Vishal Madan, 99 Equity Shares were allotted to Kavya Sinha, 844 Equity Shares were allotted to Ramnik Nayyar, 789 Equity Shares were allotted to Jatinder Arora, 784 Equity Shares were allotted to Ravi Kumar, 2,220 Equity Shares were allotted to S.K. Dhawan, 193 Equity Shares were allotted to Amandeep Singh Hundal, 93 Equity Shares were allotted to Maneet Singh, 237 Equity Shares were allotted to Manvata, 104 Equity Shares were allotted to Richa Jain, 144 Equity Shares were allotted to Rajiv Sharma, 127 Equity Shares were allotted to Balwinder Singh, 849 Equity Shares were allotted to Harpreet Singh Arora, 55 Equity Shares were allotted to Nikhil Sood, 760 Equity Shares were allotted to Manu Sharma, 431 Equity Shares were allotted to Vishal Kumar, 2,458 Equity Shares were allotted to Varinder Shoor, 1,218 Equity Shares were allotted to Rajiv Sood, 332 Equity Shares were allotted to Aanchal Verma, 739 Equity Shares were allotted to Gagandeep Singh Walia and 433 Equity Shares were allotted to Navneet Kaur Verma*

(2) *508 Equity Shares were allotted to Suresh Kumar, 185 Equity Shares were allotted to Pawan Kumar, 753 Equity Shares were allotted to Bhupinder Singh, 854 Equity Shares were allotted to Jatinder Kalra, 217 Equity Shares were allotted to Amit Katyal, 160 Equity Shares were allotted to Mahesh Kumar, 249 Equity Shares were allotted to Gagandeep Sachdeva, 236 Equity Shares were allotted to Kunchit Sud, 384 Equity Shares were allotted to Parambir Singh, 129 Equity Shares were allotted to Mayank Sharma, 573 Equity Shares were allotted to Nitin Mitter Sardana, 468 Equity Shares were allotted to Okesh Mittal, 343 Equity Shares were allotted to Arun Sehgal, 183 Equity Shares were allotted to Varun Bhatia, 75 Equity Shares were allotted to Puneet Jain, 749 Equity Shares were allotted to Manish Khurana, 674 Equity Shares were allotted to Neha Pandey, 224 Equity Shares were allotted to Jatinder Kanojia, 89 Equity Shares were allotted to Abhishek Mahindru, 267 Equity Shares were allotted to Parmjit Singh, 569 Equity Shares were allotted to Anureet Pattar, 67 Equity Shares were allotted to Ishant Kumar, 296 Equity Shares were allotted to Mandeep Kumar Kalia, 425 Equity Shares were allotted to Gurumukh Singh, 71 Equity Shares were allotted to Heena Sharma, 321 Equity Shares were allotted to Rajan Kumar, 179 Equity Shares were allotted to Jatin Mittu, 111 Equity Shares were allotted to Sandeep Sharma, 334 Equity Shares were allotted to Rajesh Kumar Kohli, 60 Equity Shares were allotted to Sandeep Singh Shergill, 401 Equity Shares were allotted to Hrvinder Kumar, 124 Equity Shares were allotted to Kapil Khanna, 487 Equity Shares were allotted to Deepak Kapoor, 79 Equity Shares were allotted to Madhvi Kapoor, 445 Equity Shares were allotted to Vaneet Kumar Sharda, 120 Equity Shares were allotted to Kumar Gautam, 171 Equity Shares were allotted to Saroj Bala, 222 Equity Shares were allotted to Gobind Singh, 120 Equity Shares were allotted to Satwinder Kaur, 682 Equity Shares were allotted to Paramjeet Singh Manhas, 1,074 Equity Shares were allotted to Tejpal Singh Dhingra, 51 Equity Shares were allotted to Nitesh Girdhar, 138 Equity Shares were allotted to Tejinder Singh, 495 Equity Shares were allotted to Parvinder Singh Dhadwar, 115 Equity Shares were allotted to Mangat Bhardwaj, 156 Equity Shares were allotted to Ajay Ghai, 234 Equity Shares were allotted to Amrinder Singh, 230 Equity Shares were allotted to Pardeep Singh, 469 Equity Shares were allotted to Rohit Kapoor, 135 Equity Shares were allotted to Munish Goyal, 195 Equity Shares were allotted to Balwinder Singh, 95 Equity Shares were allotted to Kuldip Chand, 87 Equity Shares were allotted to Harinder Singh and 343 Equity Shares were allotted to Rajan Gupta*

(3) *176 Equity Shares were allotted to Kishor Kumar, 174 Equity Shares were allotted to Mukesh Sharma, 1,006 Equity Shares were allotted to Inderpal Singh Sahni, 327 Equity Shares were allotted to Navneet Bajaj, 888 Equity Shares were allotted to Ashok Kumar Jain, 1,496 Equity Shares were allotted to Vikram Kochhar, 3,445 Equity Shares were allotted to Kamal Tandon, 224 Equity Shares were allotted to Poonam Sharda, 420 Equity Shares were allotted to Tarun Gupta, 410 Equity Shares were allotted to Gaurav Khera, 66 Equity Shares were allotted to Surbhi Sharma, 154 Equity Shares were allotted to Mayank Sharma, 161 Equity Shares were allotted to Kiran Kumar, 311 Equity Shares were allotted to Sahil Gupta, 299 Equity Shares were allotted to Gagandeep Sachdeva, 84 Equity Shares were allotted to Pankaj Kumar Sharma, 1,011 Equity Shares were allotted to Pradeep Maratha, 504 Equity Shares were allotted to Harish Kumar, 755 Equity Shares were allotted to Aman Gupta, 923 Equity Shares were allotted to Aruninder Kaushal, 269 Equity Shares were allotted to Tarun Sukhija, 455 Equity Shares were allotted to Munish Dhammi, 469 Equity Shares were allotted to Nandeep Chaudhary, 188 Equity Shares were allotted to Harjit Singh, 171 Equity Shares were allotted to Jaswinder Singh Gill, 71 Equity Shares were allotted to Jyot Kamal Singh, 202 Equity Shares were allotted to Pranjay Grover, 364 Equity Shares were allotted to Manohar Singh, 346 Equity Shares were allotted to Harinder Singh, 866 Equity Shares were allotted to Ishwinder Pal Singh, 75 Equity Shares were allotted to Anupam Nagpal, 1,412 Equity Shares were allotted to Parun Gupta, 231 Equity Shares were allotted to Amandeep Singh Hundal, 450 Equity Shares were allotted to Sandeep Nayyar, 1,019 Equity Shares were allotted to Harpreet Singh Arora, 172 Equity Shares were allotted to Ginni, 512 Equity Shares were allotted to Sameer Mahawar, 1991 Equity Shares were allotted to Sahil Vijay, 218 Equity Shares were allotted to Amandeep Singh, 100 Equity Shares were allotted to Gulshan Kumar, 636 Equity Shares were allotted to Charanjit Singh, 287 Equity Shares were allotted to Ravish Hari Preet Singh, 860 Equity Shares were allotted to Dalip Kumar, 19,285 Equity Shares were allotted to Munish Jain, 98 Equity Shares were allotted to Karundeep Kaur, 482 Equity Shares were allotted to Ritesh Gakhar, 912 Equity Shares were allotted to Manu Sharma, 940 Equity Shares were allotted to Manav Kumar Modi, 1,427 Equity Shares were allotted to Aseem Mahajan, 1,918 Equity Shares were allotted to Bhupinder Singh, 1,008 Equity Shares were allotted to Vivek Kumar Mahajan, 442 Equity Shares were allotted to Amit Kumar, 887 Equity Shares were allotted to Gagandeep Singh Walia, 755 Equity Shares were allotted to Meenu Goel, 479 Equity Shares were allotted to Pankaj Goel, 209 Equity Shares were allotted to Jatinder Singh Bhatia, 191 Equity Shares were allotted to Sarabjit Singh, 335 Equity Shares were allotted to Prabhjot Kaur, 401 Equity Shares were allotted to Avneet Bawa, 649 Equity Shares were allotted to Vishu Sharma, 339 Equity Shares were allotted to Sourabh Wadhwa, 200 Equity Shares were allotted to Sonia Aggarwal, 308 Equity Shares were allotted to Jaswinder Singh, 821 Equity Shares were allotted to Aman Batra, 1,134 Equity Shares were allotted to Bisampal Singh, 375 Equity Shares were allotted to Lakhwinder Kaur, 498 Equity Shares were allotted to Sumesh Kumar Sharma, 143 Equity Shares were allotted to Varun Saini, 1,025 Equity Shares were allotted to Jatinder Kalra, 2,013 Equity Shares were allotted to Harvinder Singh, 283 Equity Shares were allotted to Sandeep Sharma, 347 Equity Shares were allotted to Ruchi Gupta, 107 Equity Shares were allotted to Abhishek Mahindru, 1,118 Equity Shares were allotted to Sumesh Gupta, 67 Equity Shares were allotted to Ashish Gupta, 284 Equity Shares were allotted to Manvata, 551 Equity Shares were allotted to Navjot Singh, 204 Equity Shares were allotted to Dipanshu Sharma, 176 Equity Shares were allotted to Navbeer Singh, 519 Equity Shares were allotted to Navneet*

Kaur Verma, 3,448 Equity Shares were allotted to Anuraj Kumar Bhardwaj, 94 Equity Shares were allotted to Amit Sharma, 1,001 Equity Shares were allotted to Jasdeep Singh, 399 Equity Shares were allotted to Anchal Mehra, 233 Equity Shares were allotted to Varun Gandhi, 1,334 Equity Shares were allotted to Neha Pandey, 809 Equity Shares were allotted to Neha Pandey, 703 Equity Shares were allotted to Parveen Maggu, 1,111 Equity Shares were allotted to Sangeeta Vachher, 1,481 Equity Shares were allotted to Rajiv Malhotra and 124 Equity Shares were allotted to Kushlesh Kumar

3. **Offer of shares for consideration other than cash or out of revaluation of reserves**

Our Bank has not issued any Equity Shares out of revaluation of reserves since its incorporation or for consideration other than cash as on the date of this Draft Red Herring Prospectus.

4. **Offer of Equity Shares pursuant to schemes of arrangement**

Our Bank has not allotted any Equity Shares pursuant to a scheme of amalgamation approved under Section 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act.

5. **History of the Equity Share capital held by our Promoters**

As on the date of this Draft Red Herring Prospectus, our Promoters hold 7,932,689 Equity Shares equivalent to 23.33% of the issued, subscribed and paid-up Equity Share capital of our Bank.

Build-up of the shareholding of our Promoters in our Bank

A. Sarvjit Singh Samra

The details regarding the equity shareholding of Sarvjit Singh Samra since incorporation of our Bank is set forth in the table below.

Date of allotment / transfer	Nature of transaction	No. of Equity Shares allotted / transferred	Nature of consideration	Face Value per Equity Share (₹)	Offer price / transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post- Offer capital (%)
May 31, 1999	Allotment pursuant to initial subscription to the Memorandum of Association	1,000	Cash	10	10	0.00	[●]
January 12, 2000	Private Placement	600,000	Cash	10	10	1.77	[●]
April 24, 2004	Bonus issuance of 1 Equity Share for every 5 Equity Shares held on the April 24, 2004	120,200	NA	10	NA	0.35	[●]
October 9, 2014	Bonus issuance of 1 Equity Share for every 10 Equity Shares held on the Record date, i.e., October 7, 2014	72,120	NA	10	NA	0.21	[●]
December 30, 2015	Rights issue	949,584	Cash	10	30	2.79	[●]
April 2, 2019	Transfer from Amardeep Singh Samra (Family Settlement)	790,240	NA	10	NA	2.32	[●]
April 2, 2019	Transfer from Gagan Samra (Family Settlement)	132,000	NA	10	NA	0.39	[●]
April 3, 2019	Transfer from Jasbir Singh Walia	16,868	Cash	10	85	0.05	[●]
April 3, 2019	Transfer from Inderjit Vasudeva	124,327	Cash	10	85	0.37	[●]
April 3, 2019	Transfer from International Township Developers Private Limited	570,080	Cash	10	85	1.68	[●]
August 21, 2019	Transfer from Tanveer Singh Dhillon	38,200	Cash	10	90	0.11	[●]
September 26, 2019	Transfer from Gursharan Kaur	10,000	Cash	10	90	0.03	[●]

Date of allotment / transfer	Nature of transaction	No. of Equity Shares allotted / transferred	Nature of consideration	Face Value per Equity Share (₹)	Offer price / transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
November 18, 2019	Transfer from Avtar Singh Samra	284,000	Cash	10	90	0.84	[●]
November 18, 2019	Transfer from Onkar Singh Sihota	200,000	Cash	10	90	0.59	[●]
November 18, 2019	Transfer from Balbir Singh	66,000	Cash	10	90	0.19	[●]
September 23, 2020	Transfer from Balbir Singh	125,000	Cash	10	120	0.37	[●]
September 29, 2020	Transfer from Rashpal Singh	75,000	Cash	10	120	0.22	[●]
Total		4,174,619				12.28	[●]

B. Amarjit Singh Samra

The details regarding the equity shareholding of Amarjit Singh Samra since incorporation of our Bank is set forth in the table below.

Date of allotment / transfer	Nature of transaction	No. of Equity Shares allotted / transferred	Nature of consideration	Face Value per Equity Share (₹)	Offer price / transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
May 31, 1999	Allotment pursuant to initial subscription to the Memorandum of Association	1,000	Cash	10	10	0.00	[●]
January 12, 2000	Private Placement	639,000	Cash	10	10	1.88	[●]
April 24, 2004	Bonus issuance of 1 Equity Share for every 5 Equity Shares held on the April 24, 2004	128,000	NA	10	NA	0.38	[●]
October 9, 2014	Bonus issuance of 1 Equity Share for every 10 Equity Shares held on the Record date, i.e., October 7, 2014	76,800	NA	10	NA	0.23	[●]
December 30, 2015	Rights issue	796,064	Cash	10	30	2.34	[●]
Total		1,640,864				4.83	[●]

C. Navneet Kaur Samra

The details regarding the equity shareholding of Navneet Kaur Samra since incorporation of our Bank is set forth in the table below.

Date of allotment / transfer	Nature of transaction	No. of Equity Shares allotted / transferred	Nature of consideration	Face Value per Equity Share (₹)	Offer price / transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
January 12, 2000	Private Placement	120,000	Cash	10	10	0.35	[●]
April 24, 2004	Bonus issuance of 1 Equity Share for every 5 Equity Shares held on the April 24, 2004	24,000	NA	10	NA	0.07	[●]

Date of allotment / transfer	Nature of transaction	No. of Equity Shares allotted / transferred	Nature of consideration	Face Value per Equity Share (₹)	Offer price / transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post- Offer capital (%)
October 9, 2014	Bonus issuance of 1 Equity Share for every 10 Equity Shares held on the Record date, i.e., October 7, 2014	14,400	NA	10	NA	0.04	[●]
December 30, 2015	Rights issue	700,000	Cash	10	30	2.06	[●]
April 11, 2019	Transfer from Satwant Singh	13,200	Cash	10	120	0.04	[●]
April 15, 2019	Transfer from Simar Kaur	13,200	Cash	10	120	0.04	[●]
Total		884,800				2.60	[●]

D. Surinder Kaur Samra

The details regarding the equity shareholding of Surinder Kaur Samra since incorporation of our Bank is set forth in the table below.

Date of allotment / transfer	Nature of transaction	No. of Equity Shares allotted / transferred	Nature of consideration	Face Value per Equity Share (₹)	Offer price / transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post- Offer capital (%)
January 12, 2000	Private Placement	280,000	Cash	10	10	0.82	[●]
April 24, 2004	Bonus issuance of 1 Equity Share for every 5 Equity Shares held on the April 24, 2004	56,000	NA	10	NA	0.16	[●]
October 9, 2014	Bonus issuance of 1 Equity Share for every 10 Equity Shares held on the Record date, i.e., October 7, 2014	33,600	NA	10	NA	0.10	[●]
December 30, 2015	Rights issue	566,886	Cash	10	30	1.67	[●]
Total		936,486				2.75	[●]

E. Dinesh Gupta

The details regarding the equity shareholding of Dinesh Gupta since incorporation of our Bank is set forth in the table below.

Date of allotment / transfer	Nature of transaction	No. of Equity Shares allotted / transferred	Nature of consideration	Face Value per Equity Share (₹)	Offer price / transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post- Offer capital (%)
January 12, 2000	Private Placement	5,000*	Cash	10	10	0.01	[●]
April 24, 2004	Bonus issuance of 1 Equity Share for every 5 Equity Shares held on the April 24, 2004	1,000*	NA	10	NA	0.00	[●]
September 29, 2006	Rights issue	3,000*	Cash	10	20	0.01	[●]
April 27, 2009	Transfer from Tarsem Lal Gogna	3,000*	Cash	10	10	0.01	[●]
October 9, 2014	Bonus issuance of 1 Equity Share for every 10 Equity Shares held on the Record date, i.e., October 7, 2014	1,200*	NA	10	NA	0.00	[●]

Date of allotment / transfer	Nature of transaction	No. of Equity Shares allotted / transferred	Nature of consideration	Face Value per Equity Share (₹)	Offer price / transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post- Offer capital (%)
December 29, 2014	Transfer from Northern India Consultants Private Limited	59,400*	Cash	10	21.36	0.17	[●]
	Gift from Deepali Gupta (Wife)	9,900*	NA	10	NA	0.03	[●]
	Gift from Raman Kumar Gupta (Brother)	6,356*	NA	10	NA	0.02	[●]
	Gift from Monika Gupta (Sister-in-law)	16,594*	NA	10	NA	0.05	[●]
	Gift from K.M. Gupta (Father)	9,370*	NA	10	NA	0.03	[●]
	Transfer from K. Shalay Gupta (Son)	3,200*	Cash	10	27	0.01	[●]
	Gift from Shubham Gupta (Son)	3,200*	NA	10	NA	0.01	[●]
	Gift from Vinay Gupta (Brother-in-law)	5,500*	NA	10	NA	0.02	[●]
	Gift from Gaurav Mittal (Brother-in-law), Maya Mittal (Mother-in-law) and Monica Mittal (Sister-in-law)	79,200*	NA	10	NA	0.23	[●]
December 30, 2015	Rights issue	90,000*	Cash	10	30	0.27	[●]
May 28, 2021	Transfer from Resham Singh Hayer	24,450	Cash	10	132	0.07	[●]
July 7, 2021	Gift to Deepanshi Gupta (Niece)	(4,000)	NA	10	NA	(0.01)	[●]
July 7, 2021	Gift to Sparsh Gupta (Nephew)	(20,000)	NA	10	NA	(0.06)	[●]
August 2, 2021	Gift to Sparsh Gupta (Nephew)	(450)	NA	10	NA	Negligible	[●]
Total		295,920				0.87	[●]

* *Jointly with Deepali Gupta, who is the second holder.*

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares.

(b) **Details of Promoter's contribution and lock-in**

(i) Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Bank held by the Promoters (assuming full conversion of vested options, if any, under CSFB Limited – Employee Stock Option Plan 2018 ("**ESOP 2018**") and CSFB Limited – Employees Stock Option Plan for Material Risk Takers ("**ESOP MRT**"), is required to be locked in for a period of eighteen months as minimum Promoters' contribution from the date of Allotment or such other period as may be prescribed under the SEBI ICDR Regulations and the shareholding of the Promoter in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of six months from the date of Allotment or such other period as may be prescribed under the SEBI ICDR Regulations.

(ii) The total number of Equity Shares held by our Promoters which is eligible for minimum promoters' contribution is 7,932,689 Equity Shares. Since the post-Offer shareholding of the Promoters eligible for minimum promoters contribution will be less than 20% of the post-Offer Equity Share Capital of our Bank (assuming full conversion of vested options, if any, under ESOP 2018 and ESOP MRT), in accordance with Regulation 14 of the SEBI ICDR Regulations, two of the Shareholders of the Bank, ICICI Prudential Life Insurance Company Limited holding 1,322,400 Equity Shares and HDFC Standard Life Insurance Company Limited holding 1,394,400 Equity Shares have provided their consent to contribute 650,000 Equity Shares each, through their letters, dated September 1, 2021 and October 1, 2021, respectively, to meet the shortfall in minimum promoters' contribution subject to a maximum contribution of 10% of the post-issue capital. The consent of ICICI Prudential Life Insurance Company Limited is subject to: (i) the Promoters offering the minimum promoters' contribution of at least 10% of the post-Offer paid up equity share capital of our Bank; and (ii) the Promoters offering all or part of the Equity Shares currently held and as may be subsequently acquired by them in the Bank which are eligible for minimum promoters' contributions. The consent of HDFC Standard Life Insurance Company Limited is subject to; (i) the Promoters of the Bank offering for the minimum promoters' contribution of at least 10% of the post-Offer paid up equity share capital of our Bank; and (ii) the Promoters offering all of their issued and paid up Equity Shares currently held and as may be subsequently acquired by them in the Bank which are eligible for minimum promoters' contributions; and (iii) Offer opening on or before twelve months from the date of receipt of final observations of SEBI or December 31, 2022, whichever is earlier.

(iii) Details of the Equity Shares, on fully diluted basis, to be locked-in for eighteen months from the date of Allotment as minimum Promoter's contribution are set forth in the table below:

Name of Promoter /Shareholder	Number of Equity Shares locked-in	Date of allotment of Equity Shares and when made fully paid-up*	Nature of transaction	Face Value per Equity Share (₹)	Offer/ Acquisition price per Equity Share (₹)	Percentage of the pre-Offer paid-up capital (%)	Percentage of the post-Offer paid-up capital (%)	Date up to which Equity Shares are subject to lock-in
Promoters								
Sarvjit Singh Samra	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Amarjit Singh Samra	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Navneet Kaur Samra	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Surinder Kaur Samra	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Dinesh Gupta	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Shareholders								
ICICI Prudential Life Insurance Company Limited	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
HDFC Standard Life Insurance Company Limited	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

* *All Equity Shares allotted to our Promoters / ICICI Prudential Life Insurance Company Limited and HDFC Standard Life Insurance Company Limited were fully paid-up at the time of allotment.*

(iv) Our Bank undertakes that the Equity Shares that are being locked-in are not and will not be ineligible for computation of Promoters' contribution in terms of Regulation 15 of the SEBI ICDR Regulations.

(v) In this connection, please note that:

a. The Equity Shares offered for Promoters' contribution, including Equity Shares offered by ICICI Prudential Life Insurance Company Limited and HDFC Standard Life Insurance Company Limited in terms of Regulation 14 of SEBI ICDR Regulations, do not include (i) Equity Shares acquired in the three immediately preceding years for consideration other than cash and revaluation of assets or capitalisation of intangible assets was involved in such transaction, or (ii) Equity Shares resulting from bonus issue by utilization of revaluation reserves or unrealised profits of our Bank or bonus shares issued against Equity Shares, which are otherwise ineligible for computation of minimum Promoter's contribution.

b. The Equity Shares offered by ICICI Prudential Life Insurance Company Limited and HDFC Standard Life Insurance Company Limited for meeting the shortfall in Promoters' contribution (i) have not been acquired for consideration other than cash and no revaluation of assets or capitalization of intangible assets was involved in such transaction, during the last three preceding years; and (ii) did not result from a bonus issue in the last three preceding years.

c. The minimum Promoters' contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer.

d. Our Bank has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm.

e. As on the date of this Draft Red Herring Prospectus, no Equity Shares held by our Promoters and ICICI Prudential Life Insurance Company Limited and HDFC Standard Life Insurance Company Limited are pledged.

f. All the Equity Shares held by our Promoters and ICICI Prudential Life Insurance Company Limited and HDFC Standard Life Insurance Company Limited are in dematerialised form.

(c) **Other lock-in requirements:**

(i) In addition to the 20% of the fully diluted post-Offer shareholding of our Bank held by our Promoters and contributed by ICICI Prudential Life Insurance Company Limited and HDFC Standard Life Insurance Company Limited to meet the shortfall in minimum promoters' contribution and locked in for eighteen months as specified above or such other period as may be prescribed under the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital of our Bank will be locked-in for a period of six months from the date of Allotment or such other period as may be prescribed under the SEBI ICDR Regulations, including any unsubscribed portion of the Offer for Sale, except for the Equity Shares which are successfully transferred as a part of the Offer for Sale by the Selling Shareholders, and any other categories of shareholding exempted under Regulation 17 of SEBI ICDR Regulations.

(ii) Our Promoters and ICICI Prudential Life Insurance Company Limited and HDFC Standard Life Insurance Company Limited have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Promoters' contribution from the date of filing of this Draft Red Herring Prospectus, until the expiry of the lock-in specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

(iii) Any Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

(iv) The Equity Shares held by persons other than the Promoters and locked-in for a period of six months from the date of Allotment or such other period as may be prescribed under the SEBI ICDR Regulations in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations.

(v) As required under Regulation 20 of the SEBI ICDR Regulations, our Bank shall ensure that details of the Equity Shares locked-in are recorded by the relevant Depository.

(vi) The Equity Shares held by the Promoters that are locked-in may be pledged only with scheduled commercial banks or public financial institutions or Systemically Important NBFCs or housing finance companies, as collateral security for loans granted by such banks or public financial institutions or Systemically Important NBFCs or housing finance companies in terms of Regulation 21 of the SEBI ICDR Regulations.

6. Shareholding Pattern of our Bank

The table below presents the equity shareholding pattern of our Bank as on the date of this Draft Red Herring Prospectus.

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid-up Equity Shares held (IV)	Number of partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX) – Number of Voting Rights – Class: Equity Shares	Number of Voting Rights – Total	Total as a % of (A+B+ C)	Number of shares underlying outstanding convertible securities (including warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII) – Number (a)	As a % of total Shares held (b)	Number of Shares pledged or otherwise encumbered (XIII) – Number (a)	As a % of total Shares held (b)	Number of Equity Shares held in dematerialized form (XIV)
(A)	Promoters and Promoter Group	10	8,013,912	-	-	8,013,912	23.57	8,013,912	8,013,912	23.57	-	23.57	-	-	-	-	8,013,912
(B)	Public	1,543	25,989,055	-	-	25,989,055	76.43	25,989,055	25,989,055	76.43	-	76.43	-	-	-	-	18,545,453
(C)	Non Promoters - Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**1,553**	**34,002,967**	**-**	**-**	**-**	**-**	**34,002,967**	**34,002,967**	**100**	**-**	**100**	**-**	**-**	**-**	**-**	**26,559,365**

The above table includes the Equity Shares transferred to the escrow demat account opened by our Bank with the Share Escrow Agent for transferring Equity Shares pursuant to the Share Escrow Agreement by the Other Selling Shareholders.

7. **Details of equity shareholding of the major Shareholders of our Bank**

(i) The Shareholders holding 1% or more of the paid-up Equity Share capital of our Bank, on fully diluted basis, and the number of Equity Shares held by them as on the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of Equity Shares on a fully diluted basis	Percentage of the pre- Offer Equity Share capital (%) on a fully diluted basis
1.	Sarvjit Singh Samra	4,174,619	12.24
2.	Oman India Joint Investment Fund II	3,346,914	9.82
3.	Santokh Singh Chhokar	1,760,000	5.16
4.	Amarjit Singh Samra	1,640,864	4.81
5.	Amicus Capital Private Equity I LLP	1,511,535	4.43
6.	HDFC Life Insurance Company Limited	1,394,400	4.09
7.	Small Industries Development Bank of India	1,349,650	3.96
8.	PI Ventures LLP	1,686,980	4.95
9.	ICICI Prudential Life Insurance Company Limited	1,322,400	3.88
10.	Surinder Kaur Samra	936,486	2.75
11.	Navneet Kaur Samra	884,800	2.60
12.	Rashpal Singh	822,729	2.41
13.	Balbir Singh	671,400	1.97
14.	Brig. Swaran Singh Saini (Retd.)	475,513	1.39
15.	Gurinder Mann	391,111	1.15
16.	Piara Singh	362,230	1.06
17.	Gurdev Singh Samra	358,500	1.05
18.	Gurnam Singh	358,435	1.05
19.	Robert S Simon	335,133	0.98
20.	Dinesh Gupta (jointly with Deepali Gupta)	295,920	0.87
21.	Tarlochan Singh Hyare	285,000	0.84
22.	Mohan Singh Johal	268,800	0.79
23.	Kuldip Krishan Sardana	259,467	0.76
24.	Gursharan Kaur	230,720	0.68
25.	Kuljit Singh	206,627	0.61
26.	Munish Jain	182,607	0.54
27.	Amicus Capital Partners India Fund I	175,445	0.51
28.	Ramesh Kaur	167,200	0.49
29.	Lajpat Prashar	148,500	0.44
30.	Kuldeep Singh Grewal	146,667	0.43
31.	Parmjit Kaur Grewal	146,667	0.43
32.	Amarjit Singh	146,666	0.43
33.	Baljinder Chohan	133,690	0.39
34.	Avtar Singh Samra	132,000	0.39
35.	Bhavdeep Sardana	131,791	0.39
36.	Raghbir Singh Basi	130,000	0.38
37.	Puneet Sardana	126,667	0.37
38.	Sonia Nagpal	126,091	0.37
39.	Shamly Johal	123,200	0.36
	Total	**27,347,424**	**80.22**

(ii) The Shareholders who held 1% or more of the paid-up Equity Share capital of our Bank and the number of Equity Shares held by them 10 days prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of Equity Shares on a fully diluted basis	Percentage of the pre- Offer Equity Share capital (%) on a fully diluted basis
1.	Sarvjit Singh Samra	4,174,619	12.24
2.	Oman India Joint Investment Fund II	3,346,914	9.82
3.	Santokh Singh Chhokar	1,760,000	5.16
4.	Amarjit Singh Samra	1,640,864	4.81
5.	Amicus Capital Private Equity I LLP	1,511,535	4.43
6.	HDFC Life Insurance Company Limited	1,394,400	4.09
7.	Small Industries Development Bank of India	1,349,650	3.96
8.	PI Ventures LLP	1,686,980	4.95

Sr. No.	Name of the Shareholder	Number of Equity Shares on a fully diluted basis	Percentage of the pre- Offer Equity Share capital (%) on a fully diluted basis
9.	ICICI Prudential Life Insurance Company Limited	1,322,400	3.88
10.	Surinder Kaur Samra	936,486	2.75
11.	Navneet Kaur Samra	884,800	2.6
12.	Rashpal Singh	822,729	2.41
13.	Balbir Singh	671,400	1.97
14.	Brig. Swaran Singh Saini (Retd.)	475,513	1.39
15.	Gurinder Mann	391,111	1.15
16.	Piara Singh	362,230	1.06
17.	Gurdev Singh Samra	358,500	1.05
18.	Gurnam Singh	358,435	1.05
19.	Robert S Simon	335,133	0.98
20.	Dinesh Gupta (jointly with Deepali Gupta)	295,920	0.87
21.	Tarlochan Singh Hyare	285,000	0.84
22.	Mohan Singh Johal	268,800	0.79
23.	Kuldip Krishan Sardana	259,467	0.76
24.	Gursharan Kaur	230,720	0.68
25.	Kuljit Singh	206,627	0.61
26.	Munish Jain	182,607	0.54
27.	Amicus Capital Partners India Fund I	175,445	0.51
28.	Ramesh Kaur	167,200	0.49
29.	Lajpat Prashar	148,500	0.44
30.	Kuldeep Singh Grewal	146,667	0.43
31.	Parmjit Kaur Grewal	146,667	0.43
32.	Amarjit Singh	146,666	0.43
33.	Baljinder Chohan	133,690	0.39
34.	Avtar Singh Samra	132,000	0.39
35.	Bhavdeep Sardana	131,791	0.39
36.	Raghbir Singh Basi	130,000	0.38
37.	Puneet Sardana	126,667	0.37
38.	Sonia Nagpal	126,091	0.37
39.	Shamly Johal	123,200	0.36
	Total	**27,347,424**	**80.22**

(iii) The Shareholders who held 1% or more of the paid-up equity share capital of our Bank and the number of Equity Shares held by them one year prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of Equity Shares on a fully diluted basis	Percentage of the pre- Offer Equity Share capital (%) on a fully diluted basis
1.	Sarvjit Singh Samra	4,174,619	12.30
2.	Oman India Joint Investment Fund II	3,346,914	9.86
3.	Santokh Singh Chhokar	1,760,000	5.18
4.	Amarjit Singh Samra	1,640,864	4.83
5.	Amicus Capital Private Equity I LLP	1,511,535	4.45
6.	HDFC Life Insurance Company Limited	1,394,400	4.11
7.	Small Industries Development Bank of India	1,349,650	3.98
8.	PI Ventures LLP	1,686,980	4.97
9.	ICICI Prudential Life Insurance Company Limited	1,322,400	3.88
10.	Surinder Kaur Samra	936,486	2.76
11.	Navneet Kaur Samra	884,800	2.61
12.	Rashpal Singh	822,729	2.42
13.	Balbir Singh	671,400	1.98
14.	Brig. Swaran Singh Saini (Retd.)	475,513	1.40
15.	Gurinder Mann	391,111	1.15
16.	Piara Singh	362,230	1.07
17.	Gurdev Singh Samra	358,500	1.06
18.	Gurnam Singh	358,435	1.06
19.	Robert S Simon	335,133	0.99
20.	Dinesh Gupta (jointly with Deepali Gupta)	295,920	0.87
21.	Tarlochan Singh Hyare	285,000	0.84

Sr. No.	Name of the Shareholder	Number of Equity Shares on a fully diluted basis	Percentage of the pre- Offer Equity Share capital (%) on a fully diluted basis
22.	Mohan Singh Johal	268,800	0.79
23.	Kuldeep Krishan Sardana	259,467	0.76
24.	Gursharan Kaur	230,720	0.68
25.	Amicus Capital Partners India Fund I	175,445	0.52
26.	Ramesh Kaur	167,200	0.49
27.	Munish Jain	149,322	0.44
28.	Lajpat Prashar	148,500	0.44
29.	Kuldeep Singh Grewal	146,667	0.43
30.	Parmjit Kaur Grewal	146,667	0.43
31.	Amarjit Singh	146,666	0.43
32.	Sohan Singh Chohan	133,690	0.39
33.	Avtar Singh Samra	132,000	0.39
34.	Bhavdeep Sardana	131,791	0.39
35.	Sonia Nagpal .	130,496	0.38
36.	Raghbir Singh Basi	130,000	0.38
37.	Puneet Sardana	126,667	0.37
38.	Shamly Johal	123,200	0.36
39.	Mohinder Kaur Samra	120,000	0.35
	Total	**27,231,917**	**80.22**

(iv) The Shareholders who held 1% or more of the paid-up equity share capital of our Bank and the number of Equity Shares held by them two years prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of Equity Shares on a fully diluted basis	Percentage of the pre-Offer equity share* capital (%) on a fully diluted basis
1.	Sarvjit Singh Samra	3,424,619	11.38
2.	Santokh Singh Chhokar	1,760,000	5.85
3.	Amarjit Singh Samra	1,640,864	5.45
4.	HDFC Life Insurance Company Limited	1,394,400	4.63
5.	Small Industries Development Bank Of India	1,349,650	4.49
6.	Amicus Capital Private Equity I LLP	1,345,303	4.47
7.	PI Ventures LLP	1,501,454	4.99
8.	ICICI Prudential Life Insurance Company Limited	1,322,400	4.39
9.	Surinder Kaur Samra	936,486	3.11
10.	Navneet Kaur Samra	884,800	2.94
11.	Balbir Singh	862,400	2.87
12.	Rashpal Singh Virk	807,000	2.68
13.	Brig. Swaran Singh Saini (Retd.)	475,513	1.58
14.	Avtar Singh Samra	416,000	1.38
15.	Gurinder Mann	391,111	1.30
16.	Tarlochan Singh Hyare	385,000	1.28
17.	Piara Singh	362,230	1.20
18.	Gurdev Singh Samra	358,500	1.19
19.	Gurnam Singh	358,435	1.19
20.	Robert S Simon	335,133	1.11
21.	Dinesh Gupta (jointly with Deepali Gupta)	295,920	0.98
22.	Mohan Singh Johal	268,800	0.89
23.	Kuldeep Krishan Sardana	259,467	0.86
24.	Gursharan Kaur	230,720	0.77
25.	Onkar Singh Sihota	200,000	0.66
26.	Ramesh Kaur	167,200	0.56
27.	Amicus Capital Partners India Fund I	156,151	0.52
28.	Lajpat Prashar	148,500	0.49
29.	Kuldeep Singh Grewal	146,667	0.49
30.	Parmjit Kaur Grewal	146,667	0.49
31.	Amarjit Singh	146,666	0.49
32.	Sohan Singh Chohan	133,690	0.44

Sr. No.	Name of the Shareholder	Number of Equity Shares on a fully diluted basis	Percentage of the pre-Offer equity share* capital (%) on a fully diluted basis
33.	Munish Jain	133,251	0.44
34.	Bhavdeep Sardana	131,791	0.44
35.	Sonia Nagpal (jointly with Jaswinder Singh Nagpal)	130,496	0.43
36.	Raghbir Singh Basi	130,000	0.43
37.	Puneet Sardana	126,667	0.42
38.	Jaswinder Singh Nagpal Sonia Nagpal	125,500	0.42
39.	Shamly Johal	123,200	0.41
40.	Mohinder Kaur Samra	120,000	0.40
41.	Al Karim Kassam	113,107	0.38
42.	Parminder Singh	107,333	0.36
43.	Kuljit Singh	106,627	0.35
44.	Joginder Singh Dhillon	97,652	0.32
45.	Rashpal Singh Virk	90,729	0.30
	Total	**24,148,099**	80.25

8. **Details of Equity Shares held by our Directors and Key Managerial Personnel and members of our Promoter Group**

(i) Except as disclosed below our Directors and Key Managerial Personnel do not hold Equity Shares and employee stock options in our Bank:

Sr. No.	Name	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)	Number of employee stock options outstanding	Percentage of the post-Offer of Equity Share Capital (%)
Directors					
1.	Madan Gopal Sharma	22,100	0.06	-	[●]
2.	Sarvjit Singh Samra	4,174,619	12.28	-	[●]
3.	Dinesh Gupta (jointly with Deepali Gupta)	295,920*	0.87	-	[●]
4.	Gurpreet Singh Chug	27,300	0.08	-	[●]
KMPs					
1.	Munish Jain	182,607	0.54	48,178	[●]
2.	Amit Sharma	172	Negligible	3,890	[●]
3.	Santosh Kumar Dhawan	2,220	0.01	3,996	[●]
4.	Raghav Aggarwal	5,780	0.02	6,507	[●]
5.	Richa Mahajan	9,858	0.03	7,247	[●]
Promoter Group					
1.	Amarpreet Kaur Hayer	44,000	0.13	-	[●]
2.	Dinesh Gupta HUF	29,333	0.09	-	[●]
3.	Deepali Gupta	2,890	Negligible	-	[●]
4.	Minni Gupta	4,000	Negligible	-	[●]
5.	Raman Kumar Gupta	1,000	Negligible	-	[●]
Total		**4,801,799**	**14.10**	**69,818**	**[●]**

9. Except OIJIF II who is an associate of SBICAP, none of the Book Running Lead Managers or their respective associates (as defined under the SEBI Merchant Bankers Regulations) hold any Equity Shares in our Bank as on the date of this Draft Red Herring Prospectus.

10. There are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus and all Equity Shares were fully paid-up as on the date of allotment.

11. **Employee stock option schemes**

(a) ESOP 2018

Our Bank, pursuant to the resolution passed by our Board on July 11, 2018 and the resolution passed by our Shareholders on August 18, 2018, adopted ESOP 2018 to create, offer, issue and allot in one or more tranches, stock options which are convertible into Equity Shares. ESOP 2018 was last amended pursuant to resolution passed by our Board on September 23, 2021 and the resolution passed by our Shareholders on October 22, 2021. The purpose of ESOP 2018 is to reward the employees of our Bank for their performance and to motivate and incentivize them to contribute to the growth of our Bank. The aggregate number of Equity Shares issued under ESOP 2018, upon exercise, shall not exceed 854,720 Equity Shares at such price and on such terms and conditions as may be fixed or determined by the Board.

ESOP 2018 is in compliance with the SEBI SBEBSE Regulations. The details of ESOP 2018 are as follows:

Particulars	**Details**				
	Fiscal 2019	**Fiscal 2020**	**Fiscal 2021**	**From April 1, 2021 to 30th June 2021**	**From July 1, 2021 till date of DRHP**
Total options outstanding as at the beginning of the period	-	-	650,496	465,511	335,862
Total options granted	-	650,496	-	-	326,750
Exercise price of options in ₹ (as on the date of grant options)	-	98	98	98	98
Options forfeited/lapsed/cancelled	-	-	81,521	37,363	38,908
Variation of terms of options		-	-	-	-
Money realized by exercise of options during the year/period		-	₹10.14 million	₹9.04 million	-
Total number of options outstanding in force at the end of period/year	-	650,496	465,511	335,862	623,704
Total options vested (excluding the options that have been exercised)	-	-	38,823	88,037	87,724
Options exercised (since implementation of the ESOP scheme)		-	103,464	195,750	195,750
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	819,454				
Employee wise details of options granted to:					
(i) Key managerial personnel					
Munish Jain	-	64,283	-	-	-
Amit Sharma	-	312	-	-	3,750
Santosh Kumar Dhawan	-	8,880	-	-	2,000
Raghav Aggarwal	-	4,461	-	-	4,500
Richa Mahajan	-	6,104	-	-	4,500
(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	-	-	-	-	-
(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	-				
Description of the pricing formula and Method and significant assumptions used	Fair Value of option is calculated using The Black Sholes Method with following inputs-.				

Particulars	**Tranche I**	**Tranche II**	**Tranche III**

<table>
<tr><td>to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option</td><td><table>
<tr><td>Fair Value of option (₹)</td><td>132.17</td><td>181.18</td><td>185.29</td></tr>
<tr><td>Risk-free interest rate (%)</td><td>6.65-6.99%</td><td>5.06%</td><td>5.14%</td></tr>
<tr><td>Expected life (years)</td><td>1.50-3.50 years</td><td>2.71 years</td><td>3.50 years</td></tr>
<tr><td>Expected volatility (%)</td><td>31.53-33.10%</td><td>44.03%</td><td>41.80%</td></tr>
<tr><td>Expected dividend rate (%)</td><td>0%</td><td>0%</td><td>0%</td></tr>
</table></td></tr>
<tr><td>Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the SEBI SBEB Regulations had been followed, in respect of options granted in the last three years</td><td>NIL</td></tr>
<tr><td>Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with AS 20 'Earnings Per Share.</td><td><table>
<tr><th>Period</th><th>Diluted EPS (Rs.)</th></tr>
<tr><td>Fiscal 2019</td><td>6.82</td></tr>
<tr><td>Fiscal 2020</td><td>8.16</td></tr>
<tr><td>Fiscal 2021</td><td>11.98</td></tr>
<tr><td>April 1, 2021 to 30th June 2021</td><td>3.57*</td></tr>
</table>
*Not-Annualised
The above table contains Diluted EPS calculated based on effect of issue of Equity Shares on exercise of options for all ESOP schemes of the banks.</td></tr>
<tr><td>Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of the Company</td><td><table>
<tr><th></th><th colspan="4">₹ in millions</th></tr>
<tr><th>Particulars</th><th>Quarter Ended June'21</th><th>Year Ended March'21</th><th>Year Ended March'20</th><th>Year Ended March'19</th></tr>
<tr><td>Impact on Profit After Tax</td><td>(0.34)</td><td>(2.53)</td><td>(1.84)</td><td>-</td></tr>
<tr><td>Earnings Per Share calculated on Intrinsic Value-</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Basic (₹)*</td><td>3.59</td><td>12.04</td><td>8.18</td><td>6.82</td></tr>
<tr><td>Diluted (₹)*</td><td>3.57</td><td>11.97</td><td>8.12</td><td>6.82</td></tr>
<tr><td>Earnings Per Share calculated on Fair Value -</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Basic (₹)*</td><td>3.58</td><td>11.98</td><td>8.16</td><td>6.82</td></tr>
<tr><td>Diluted (₹)*</td><td>3.54</td><td>11.85</td><td>8.08</td><td>6.82</td></tr>
</table>
*not-annualised for quarter ended June 2021
The above table contains consolidated impact of all ESOP scheme of the bank on the profit for accounting as per fair value of option instead of intrinsic value.</td></tr>
<tr><td>Intention of the KMPs and whole time directors who are holders of Equity Shares allotted on exercise of options granted to sell their equity shares within three months after the date of listing of Equity Shares pursuant to the Offer</td><td>Nil</td></tr>
<tr><td>Intention to sell Equity Shares arising out of an employee stock option scheme within three months after the listing of Equity Shares, by Directors, senior management personnel and employees</td><td>Nil</td></tr>
</table>

having Equity Shares arising out of an employee stock option scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	

(b) ESOP MRT

Our Bank, pursuant to the resolution passed by our Board on May 16, 2020 and the resolutions passed by our Shareholders on July 13, 2020, adopted the ESOP MRT to create, offer, issue and allot in one or more tranches, stock options which are convertible into Equity Shares. ESOP MRT was last amended pursuant to resolution passed by our Board on September 23, 2021 and the resolution passed by our Shareholders on October 22, 2021. The purpose of the ESOP MRT is to reward the employees, identified as material risk takers, of our Bank for their performance and to motivate and incentivize them to contribute to the growth of our Bank. The aggregate number of Equity Shares issued under ESOP MRT, upon exercise, shall not exceed 100,000 Equity Shares at such price and on such terms and conditions as may be fixed or determined by the Board.

ESOP MRT is in compliance with the SEBI SBEBSE Regulations. The details of ESOP MRT are as follows:

Particulars	Details				
	Fiscal 2019	Fiscal 2020	Fiscal 2021	From April 1, 2021 to 30th June 2021	From July 1, 2021 till date of DRHP
Total options outstanding as at the beginning of the period	-	-	-	-	19,251
Total options granted	-	-	-	19,251	-
Exercise price of options in ₹ (as on the date of grant options)	-	-	-	10	10
Options forfeited/lapsed/cancelled	-				
Variation of terms of options	-	-	-	-	-
Money realized by exercise of options	-	-	-	-	-
Total number of options outstanding in force at the end of period/year	-	-	-	19,251	19,251
Total options vested (excluding the options that have been exercised)	-	-	-	-	-
Options exercised (since implementation of the ESOP scheme)	-				
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	19,251				
Employee wise details of options granted to:	-				
(i) Key managerial personnel (Mr. Munish Jain)	-	NA	NA	19,251	-
(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	NA	NA	NA	-	-
(iii) Identified employees who were granted options during any one year equal to or	-				

<table>
<tr><th rowspan="2">Particulars</th><th colspan="5">Details</th></tr>
<tr><th>Fiscal 2019</th><th>Fiscal 2020</th><th>Fiscal 2021</th><th>From April 1, 2021 to 30th June 2021</th><th>From July 1, 2021 till date of DRHP</th></tr>
<tr><td>exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant</td><td colspan="5"></td></tr>
<tr><td>Description of the pricing formula and Method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option</td><td colspan="5">Fair Value of option is calculated using The Black Sholes Method with following inputs-
<table>
<tr><td>Fair Value of option (₹)</td><td>255.04</td></tr>
<tr><td>Risk-free interest rate (%)</td><td>4.13-5.15%</td></tr>
<tr><td>Expected life (years)</td><td>1.50-3.50 years</td></tr>
<tr><td>Expected volatility (%)</td><td>42.07-50.86%</td></tr>
<tr><td>Expected dividend rate (%)</td><td>0%</td></tr>
</table></td></tr>
<tr><td>Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the SEBI SBEB Regulations had been followed, in respect of options granted in the last three years</td><td colspan="5">NIL</td></tr>
<tr><td>Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with AS 20 ‘Earnings Per Share.</td><td colspan="5">
<table>
<tr><th>Period</th><th>Diluted EPS (Rs.)</th></tr>
<tr><td>Fiscal 2019</td><td>6.82</td></tr>
<tr><td>Fiscal 2020</td><td>8.16</td></tr>
<tr><td>Fiscal 2021</td><td>11.98</td></tr>
<tr><td>April 1, 2021 to 30th June 2021</td><td>3.57*</td></tr>
</table>
*Not-Annualised
The above table contains Diluted EPS calculated based on effect of issue of Equity Shares on exercise of options for all ESOP schemes of the banks.</td></tr>
<tr><td>Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of the Company</td><td colspan="5">
<table>
<tr><th></th><th colspan="4">₹ in millions</th></tr>
<tr><th>Particulars</th><th>Quarter Ended June’21</th><th>Year Ended March’21</th><th>Year Ended March’20</th><th>Year Ended March’19</th></tr>
<tr><td>Impact on Profit After Tax</td><td>(0.34)</td><td>(2.53)</td><td>(1.84)</td><td>-</td></tr>
<tr><td>Earnings Per Share calculated on Intrinsic Value-</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Basic (₹)*</td><td>3.59</td><td>12.04</td><td>8.18</td><td>6.82</td></tr>
<tr><td>Diluted (₹)*</td><td>3.57</td><td>11.97</td><td>8.12</td><td>6.82</td></tr>
<tr><td>Earnings Per Share calculated on Fair Value -</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Basic (₹)*</td><td>3.58</td><td>11.98</td><td>8.16</td><td>6.82</td></tr>
<tr><td>Diluted (₹)*</td><td>3.54</td><td>11.85</td><td>8.08</td><td>6.82</td></tr>
</table>
*not-annualised for quarter ended June 2021

The above table contains consolidated impact of all ESOP scheme of the bank on the profit for accounting as per fair value of option instead of intrinsic value.</td></tr>
<tr><td>Intention of the KMPs and whole time directors who are holders of Equity Shares allotted on exercise of options granted to sell their equity shares within</td><td colspan="5">Nil</td></tr>
</table>

Particulars	Details				
	Fiscal 2019	Fiscal 2020	Fiscal 2021	From April 1, 2021 to 30th June 2021	From July 1, 2021 till date of DRHP
three months after the date of listing of Equity Shares pursuant to the Offer					
Intention to sell Equity Shares arising out of an employee stock option scheme within three months after the listing of Equity Shares, by Directors, senior management personnel and employees having Equity Shares arising out of an employee stock option scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Nil				

(c) Except as disclosed below, none of the members of our Promoter Group, our Directors or their relatives have purchased or sold any securities of our Bank during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

Date	Nature of Transaction	Number of Equity Shares	Price (In ₹)	Total consideration (In ₹)
May 28, 2021	Transfer from Resham Singh Hayer to Dinesh Gupta	24,450	132	3,227,400
May 28, 2021	Transfer from Resham Singh Hayer to Deepali Gupta	5,390	132	711,480
May 28, 2021	Transfer from Resham Singh Hayer to Minni Gupta	4,000	132	528,000
July 7, 2021	Gift from Dinesh Gupta to Deepanshi Gupta (Niece)	(4,000)	NA	NA
July 7, 2021	Gift from Dinesh Gupta to Sparsh Gupta (Nephew)	(20,000)	NA	NA
August 2, 2021	Gift from Dinesh Gupta to Sparsh Gupta (Nephew)	(450)	NA	NA
August 2, 2021	Gift from Deepali Gupta to Sparsh Gupta (Nephew)	(2,500)	NA	NA
August 20, 2021	Transfer from Aman Goyal to Raman Kumar Gupta	1,000	150	150,000

(d) As of the date of the filing of this Draft Red Herring Prospectus, the total number of our Shareholders is 1,553.

(e) Our Bank, our Directors and the Book Running Lead Managers have not made any or entered into any buy-back arrangements for purchase of Equity Shares.

(f) Except for the allotment of Equity Shares pursuant to the Pre-IPO Placement, Equity Shares that may be allotted pursuant to the conversion of employee stock options granted under ESOP 2018 and ESOP MRT, the Equity Shares allotted pursuant to the Fresh Issue, there will be no further issue of Equity Shares whether by way of issue of bonus shares, rights issue, preferential issue or any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus until the listing of the Equity Shares on the Stock Exchanges pursuant to the Offer or refund of application monies.

(g) Our Bank shall ensure that all transactions in Equity Shares by our Promoters and members of our Promoter Group between the date of filing of this Draft Red Herring Prospectus and the date of closing of the Offer shall be reported to the Stock Exchanges within 24 hours of such transaction.

(h) There have been no financing arrangements whereby our Promoters, our Promoter Group, our Directors, and their relatives have financed the purchase by any other person of securities of our Bank other than in the normal course of the business of the financing entity, during a period of six months preceding the date of filing of this Draft Red Herring Prospectus.

(i) Our Bank presently does not intend or propose and is not under negotiations and considerations to alter its capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise. Provided, however, that the foregoing restrictions do not apply to any issuance of Equity Shares, pursuant to the exercise of employee stock options under ESOP 2018 and ESOP MRT and the Equity Shares to be allotted pursuant to the Pre-IPO Placement (if undertaken).

(j) Except employee stock options granted pursuant to ESOP 2018 and ESOP MRT, there are no outstanding convertible securities or any warrant, option or right to convert a debenture, loan or other instrument which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

OBJECTS OF THE OFFER

The Offer comprises of the Fresh Issue and the Offer for Sale.

Offer for Sale

Each of the Selling Shareholders will be entitled to their respective portion of the proceeds from the Offer for Sale in proportion of the Equity Shares offered by the respective Selling Shareholders as part of the Offer for Sale. Our Bank will not receive any proceeds from the Offer for Sale.

Objects of the Offer

In terms of the SFB Licensing Guidelines, our Bank is required to maintain a minimum capital adequacy ratio of 15% of our risk weighted assets on a continuous basis, subject to any higher percentage as may be prescribed by RBI from time to time, and our Tier - I capital is required to be at least 7.5% of the risk weighted asset. For details, see "*Key Regulations and Policies*" on page 162. As at June 30, 2021, our Bank's Tier - I capital base in accordance with the Restated Financial Information was ₹4,462.43 million.

Our Bank proposes to utilize the Net Proceeds from the Fresh Issue towards augmenting our Bank's Tier – I capital base to meet our Bank's future capital requirements. Further, the proceeds from the Fresh Issue will also be used towards meeting the expenses in relation to the Offer.

Our Bank expects to receive the benefits of listing the Equity Shares on the Stock Exchanges.

Net Proceeds

The details of the proceeds from the Fresh Issue are summarized in the following table:

Particulars	Estimated amount (₹ in million)
Gross proceeds of the Fresh Issue(1)	4,500.00
(Less) Fresh Issue expenses(2)	[●]
Net Proceeds	**[●]**

(1) *Includes the proceeds, if any, received pursuant to the Pre-IPO Placement. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement, we may utilise the proceeds from such Pre-IPO Placement towards the Objects of the Offer prior to completion of the Offer.*

(2) *To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.*

Requirement of Funds and Utilization of Net Proceeds

The Net Proceeds are proposed to be utilised towards augmentation of our Bank's Tier-I capital base to meet our Bank's future capital requirements which are expected to arise out of growth in our Bank's assets, primarily our Bank's loans/advances and investment portfolio and to ensure compliance with regulatory requirements on capital adequacy prescribed by the RBI from time to time.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹[●] million.

The Offer related expenses primarily include fees payable to the BRLMs and legal counsel, fees payable to the Auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs, CDPs, SCSBs' fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. Other than the listing fees which will be borne by our Bank, each of the Selling Shareholders and our Bank shall, upon successful completion of the Offer, share the costs and expenses (including all the applicable taxes) directly attributable to the Offer, on a pro-rata basis, in the manner agreed, based on the proportion of Equity Shares included in the Offer for Sale, among themselves, and the Equity Shares allotted by our Bank, respectively, as a percentage the total Equity Shares sold in the Offer. Any payments by our Bank in relation to the Offer expenses on behalf of Selling Shareholders shall be reimbursed by each of the Selling Shareholders to our Bank, upon successful completion of the Offer, inclusive of taxes.

The estimated Offer related expenses are as under:

Activity	Estimated expenses(1) (₹ in million)	As a % of the total estimated Offer expenses(1)	As a % of the total Offer size(1)
BRLMs fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]

Activity	Estimated expenses(1) (₹ in million)	As a % of the total estimated Offer expenses(1)	As a % of the total Offer size(1)
Commission/processing fee for SCSBs and Bankers to the Offer and fee payable to the Sponsor Bank for Bids made by RIBs using UPI (2)	[●]	[●]	[●]
Brokerage and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs(3)(4)	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to the other advisors to the Offer	[●]	[●]	[●]
Others			
- Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- Fee payable to legal counsels	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

(1) *Amounts will be finalised on determination of Offer Price*

(2) *Selling commission payable to the SCSBs on the portion for Retail Individual Bidders, Eligible Employees and Non-Institutional Bidders which are directly procured by the SCSBs, would be as follows:*

*Portion for Retail Individual Bidders**	[●]*% of the Amount Allotted (plus applicable taxes)*
*Portion for Eligible Employees**	[●]*% of the Amount Allotted* (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	[●]*% of the Amount Allotted (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal ID as captured in the Bid Book of BSE or NSE.

(3) *No processing fees shall be payable by our Bank and Selling Shareholders to the SCSBs on the applications directly procured by them Processing fees payable to the SCSBs on the portion for Retail Individual Bidders, Eligible Employees and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:*

*Portion for Retail Individual Bidders**	₹[●] *of the Amount Allotted (plus applicable taxes)*
*Portion for Eligible Employees**	₹[●] per valid Bid cum Application Form (plus applicable taxes)
*Portion for Non-Institutional Bidders**	₹[●] *of the Amount Allotted (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

(4) *Selling commission on the portion for Retail Individual Bidders, Eligible Employees and Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:*

*Portion for Retail Individual Bidders**	[●]*% of the Amount Allotted (plus applicable taxes)*
*Portion for Eligible Employees**	[●]% of the Amount Allotted* (plus applicable taxes)
*Portion for Non-Institutional Bidders**	[●]*% of the Amount Allotted (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

Processing fees payable for applications made by Retail Individual Bidders using the UPI Mechanism would be as follows:

Sponsor Bank	[●]*% of the Amount Allotted (plus applicable taxes)*

The Selling Commission payable to the Syndicate / sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / sub-Syndicate Member.
Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the portion for Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking and Retail Individual Bidders (using the UPI Mechanism) would be as follows: ₹[●] plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs.

The processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

The selling commission and Bidding Charges payable to Registered Brokers the RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.

Means of finance

The fund requirements set out for the aforesaid objects of the Offer are proposed to be met entirely from the Net Proceeds. Accordingly, our Bank confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and existing identifiable accruals as required under the SEBI ICDR Regulations.

Interim use of Net Proceeds

Our Bank, in accordance with the policies established by the Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Bank will deposit the Net Proceeds only with one or more scheduled commercial banks included in the second schedule of the RBI Act as may be approved by our Board or IPO Committee.

In accordance with Section 27 of the Companies Act, 2013, our Bank confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in the equity shares of any other listed company or for any investment in equity markets.

Bridge Financing Facilities

Our Bank has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

Appraising Entity

None of the objects of the Offer for which the Net Proceeds will be utilised have been appraised by any bank/ financial institution.

Monitoring of Utilization of Funds

In terms of the proviso to Regulation 41(1) of the SEBI ICDR Regulations, our Bank is not required to appoint a monitoring agency for this Offer. To the extent applicable, our Bank will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilised.

Our Bank will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Bank for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulations 18(3) and 32(3) of the Listing Regulations, our Bank shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds.

On an annual basis, our Bank shall prepare a statement of funds utilized for purposes other than those stated in the Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilized. Such disclosure shall be made only until such time that all the Net Proceeds have been utilized in full. The statement shall be certified by the Statutory Auditors of our Bank.

Further, in accordance with Regulation 32(1) of the Listing Regulations, our Bank shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilization of the Net Proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilization of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Directors' report, after placing the same before the Audit Committee.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act and applicable rules, our Bank shall not vary the objects of the Offer without our Bank being authorised to do so by the Shareholders by way of a special resolution.

Other Confirmations

No part of the Net Proceeds will be paid by us as consideration to our Promoters, Promoter Group, the Directors and Key Managerial Personnel, except in the normal course of business and in compliance with applicable law.

Our Bank has not entered into and is not planning to enter into any arrangement/ agreements with the Promoters, Promoter Group, Directors and Key Managerial Personnel in relation to the utilisation of the Net Proceeds. Further there is no existing or anticipated interest of such individuals and entities in the objects of the Fresh Issue as set out above.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Bank, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price of the Price Band. Investors should also see "*Our Business*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 139, 24, 295 and 225, respectively, to have an informed view before making an investment decision.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the industry:

- Strong retail liability franchise with a high share of CASA;
- Secured and diversified advances portfolio;
- Robust credit assessment processes and risk management practices;
- Customer centric approach and deep understanding of target customers;
- Consistent track record of growth with constantly improving operational and profitability metrics; and
- Professional and experienced leadership team backed by reputed shareholders with strong corporate governance.

For details, see "*Our Business – Our Strengths*" on page 141.

Quantitative Factors

Some of the information presented below relating to our Bank is derived from the Restated Financial Information. For details, see "*Financial Statements*" on page 225.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

A. Basic and Diluted Earnings Per Share ("EPS"):

Particulars	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Financial Year 2019	6.82	6.82	1
Financial Year 2020	8.18	8.16	2
Financial Year 2021	12.04	11.98	3
Weighted Average	9.88	9.85	
Three months ended June 30, 2021 (not annualised)	3.59	3.57	
Three months ended June 30, 2020 (not annualized)	2.01	2.01	

Notes:

i. The face value of each Equity Share is ₹ 10.

ii. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" ("AS 20") as notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

iii. Basic Earnings per share = Net profit after tax (loss after tax) as restated / Weighted average number of equity shares outstanding during the period/year.

iv. Diluted Earnings per share = Net profit after tax (loss after tax) as restated / Weighted average number of potential equity shares outstanding during the period/year.

v. Weighted average is aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. {(EPS x Weight) for each year} / {Total of weights}

B. Price/Earning ("P/E") ratio in relation to the Price Band of ₹[●] to ₹[●] per Equity Share:

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on basic EPS for Financial Year 2021	[●]	[●]
Based on diluted EPS for Financial Year 2021	[●]	[●]

Industry Peer Group P/E ratio

Particulars	Industry P/E
Highest	33.20
Lowest	18.87
Average	24.62

Notes:

i. The industry high and low has been considered from the industry peer set provided later in this section. The industry composite has been calculated as the arithmetic average of P/E for industry peer set disclosed in this section. For further details, see "– Comparison with listed industry peers" on page 105.

C. Return on Net Worth ("RoNW")

Derived from the Restated Financial Information:

Particulars	RoNW (%)	Weight
Financial Year 2019	7.75	1
Financial Year 2020	6.24	2
Financial Year 2021	9.05	3
Weighted Average	7.90	
Three months ended June 30, 2021 (not annualised)	2.62	
Three months ended June 30, 2020 (not annualised)	1.64	

Notes:

i. Return on Net Worth (%) = Net profit after tax, as restated / Net worth as restated as at period/year end.

ii. Net worth means the aggregate value of the paid up share capital of the Bank and all reserves created out of profits and securities premium account as per Restated Statement of Assets and Liabilities of the Bank

iii. Weighted average is aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. {(RoNW x Weight) for each year} / {Total of weights}.

D. Net Asset Value ("NAV") per Equity Share

Fiscal year ended	NAV per Equity Share (₹)
As on March 31, 2021	132.93
As on June 30, 2021	136.52
After the completion of the Offer	At Floor Price: [●]
	At Cap Price: [●]
Offer Price	[●]

Notes:

i. Offer Price per Equity Share will be determined on conclusion of the Book Building Process.

ii. Net asset value per share= Net worth, as restated, as at period/year end / Number of outstanding equity shares as at period/ year end

E. Comparison with Listed Industry Peers

Name of the company	Total Income (₹ in million)	Face Value per equity share (₹)	P/E	EPS (Basic) (₹)	EPS (Diluted) (₹)	RoNW (%)	NAV per equity share (₹)
Capital Small Finance Bank Limited*	5,572.97	10	[●]	12.04	11.98	9.05%	132.93
Listed Peers							
City Union Bank	48,394.52	1	20.68	8.03	7.97	10.15%	79.08
AU SFB	64,015.98	10	30.98	38.19	37.86	18.66%	200.99
Equitas SFB	36,124.68	10	18.47	3.53	3.49	11.31%	29.81

* *Financial information for our Bank is derived from the Restated Financial Information for the year ended March 31, 2021.*

Source: All the financial information for listed industry peers mentioned above is on standalone basis and is sourced from the annual reports/ financial results as available of the respective company for the year ended March 31, 2021 submitted to stock exchanges or on company's website as available

Notes:

1. *Basic EPS refers to the Basic EPS sourced from the annual report/ financial results of the respective company for the year ended March 31, 2021*

2. *Diluted EPS refers to the Diluted EPS sourced from the annual report/ financial results of the respective company for the year ended March 31, 2021*

3. *P/E Ratio has been computed based on the closing market price of equity shares on NSE on October 27, 2021 divided by the Basic EPS provided under Note 1*

4. *RoNW is computed as net profit after tax divided by closing net worth as at March 31, 2021*

5. *Net worth has been computed as sum of share capital, reserves and surplus and employee stock options outstanding, as applicable*

6. *Net Asset Value is computed as the closing net worth divided by the equity shares outstanding as at March 31, 2021*

F. The Offer price is [●] times of the face value of the Equity Shares

The Offer Price of ₹ [●] has been determined by our Bank in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the abovementioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 24, 139, 295 and 225, respectively, to have a more informed view. The trading price of Equity Shares could decline due to factors mentioned in "*Risk Factors*" beginning on page 24 and you may lose all or part of your investments.

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO CAPITAL SMALL FINANCE BANK AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The Board of Directors,
Capital Small Finance Bank Limited
MIDAS Corporate Park
3rd Floor, 37, G.T. Road
Jalandhar 144 001
Punjab

Edelweiss Financial Services Limited
6th Floor, Edelweiss House, Off C.S.T. Road
Kalina, Mumbai 400 098

Axis Capital Limited
1st floor, Axis House
C-2 Wadia International Centre
P.B. Marg, Worli, Mumbai 400 025

SBI Capital Markets Limited
202, Maker Tower 'E'
Cuffe Parade
Mumbai, Maharashtra
India, - 400 005

(Edelweiss Financial Services Limited, Axis Capital Limited and SBI Capital Markets Limited are collectively referred to as the "Book Running Lead Managers" or "BRLMs" in relation to the Offer)

Dear Sirs,

Statement of Possible Special Tax Benefits available to Capital Small Finance Bank and its Shareholders under the Indian tax laws

1. We hereby confirm that the enclosed Annexures 1 and 2 (together, the "Annexures"), prepared by Capital Small Finance Bank (the "Bank"), provides the current position of possible special tax benefits primarily available to the Bank and to the shareholders of the Bank as per the provisions of the Indian direct and indirect tax laws as stated in those Annexures, under:

    - the Income-tax Act, 1961 (the "Act") (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2021 relevant for the assessment year 2022-2023, hereinafter referred to as the "Indian Income Tax Regulations"), presently in force in India and

    - the Central Goods and Services Tax Act, 2017 and respective State/ Union Territory Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") as amended by the Finance Act 2021, i.e., applicable for the Financial Year 2021-22, presently in force in India.

    The Act, the GST Act, Customs Act and Tariff Act, as defined above, are collectively referred to as the "Relevant Acts" and shall be read with all the rules, regulations, circulars and notifications issued in connection with the Relevant Acts.

2. Ability of the Bank or its Shareholders to derive the tax benefits as mentioned in Annexure 1 is dependent upon fulfilling of such conditions by them as prescribed under the Income-tax provisions, which, based on business imperatives the Bank faces in the future, the Bank or its shareholders may or may not choose to fulfil.

3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the Bank's management. We are informed that these Annexures are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares (the "Proposed IPO") by the Bank.

4. We do not express any opinion or provide any assurance as to whether:
   i. the Bank or its shareholders will continue to obtain these benefits in future;
   ii. the conditions prescribed for availing the benefits have been / would be met with; and
   iii. the revenue authorities/courts will concur with the views expressed herein.

5. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Bank and on the basis of their understanding of the business activities and operations of the Bank.

We hereby give our consent to include this report and the enclosed Annexure regarding the tax benefits available to the Bank and its shareholders in the DRHP for the proposed initial public offer of equity shares which the Bank intends to submit to the Securities and Exchange Board of India and National Stock Exchange of India Limited and BSE Limited (the "**Stock Exchanges**") where the equity shares of the Bank are proposed to be listed

For **T R Chadha & Co LLP**
Chartered Accountants
ICAI Firm Registration Number: 006711N/ N500028

Hitesh Garg
Partner
Membership No. 502955
Place: New Delhi
Date: 30/10/2021
UDIN: 21502955AAAAFK2518

ANNEXURE 1

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE BANK AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA – INCOME-TAX ACT, 1961

Outlined below are the possible special tax benefits available to Capital Small Finance Bank (the "Bank") and its Shareholders under the Income-tax Act, 1961 (the "Act") as amended by the Finance Act 2021 and presently in force in India.

SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE BANK

The statement of direct tax benefits is enumerated below as per the Income-tax Act, 1961 as amended from time to time and applicable for financial year 2021-22 relevant to assessment year 2022-23.

Lower Corporate tax rate under section 115BAA of the Act

As per section 115BAA of the Act inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. April 1, 2020 i.e., AY 2020-21 an option is granted to the domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%) on their total profits, provided the taxpayer shall not avail specified exemptions and deductions and complies with the other conditions as specified in section 115BAA of the Act.

The taxpayer availing the option will not be required to pay Minimum Alternate Tax under section 115JB of the Act and also cannot claim tax credit under section 115JAA of the Act, if any, which it is entitled to on account of MAT paid in earlier years.

Further, it shall not be allowed to claim a set-off of any brought forward depreciation for the assessment year in which the option has been availed along with future assessment years.

The bank has exercised the aforesaid option to be taxed at an effective rate of 25.168% (including surcharge and cess).

Deduction under section 80JJAA of the Act

As per Section 80JJAA of the Act, deduction is available to those assessee whose gross total income include income from business and subject to Sec 44AB audit, then such assessee shall be entitled to claim a deduction of an amount equal to 30% of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act. The Bank is availing such deduction.

Deduction under Section 36(1) (viia) of the Act

The Bank, being a scheduled bank, is entitled for accelerated deduction in respect of provision for bad and doubtful debts up to a specified limit under section 36(1) (viia) of the Act in computing its income under the head "Profits and gains of business or profession". The said deduction, which represents a timing difference for tax purposes, is available to the extent of 8.5% of the gross total income and 10% of the aggregate average advances made by rural branches of such bank, subject to satisfaction of prescribed conditions. However, subsequent claim of deduction of actual bad debts under section 36(1) (vii) shall be reduced to the extent of deduction already allowed under section 36(1) (viia).

Deduction under Section 36(1) (viii) of the Act

Further, being a banking company, the Bank is also eligible for a deduction of 20% of the profits derived from eligible business or an amount transferred to the special reserve, whichever is lower, as per explanation (viii) to section 36(1)(viii) of the Act in computing its income under the head "Profits and gains of business or profession". However, where the aggregate amounts transferred to such special reserve from time to time, exceeds two hundred percent of the paid-up share capital and general reserves, the Bank shall not get a deduction for such excess amount.

Deduction under Section 43D of the Act

As per provisions of section 43D of the Act, in case of a scheduled bank, the income by way of interest in relation to such categories of bad or doubtful debts (i.e. Non-performing assets) as may be prescribed having regard to the guidelines issued by the Reserve Bank of India in relation to such debts shall be chargeable to tax in the previous year in which it is credited to its profit and loss account or, as the case may be, in the year in which it is actually received by that bank, whichever is earlier.

SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special direct tax benefits available to the shareholders.

Notes:

1. This Annexure sets out only the possible special tax benefits available to the Bank and the shareholders under the Indian Income Tax Regulations presently in force in India.

2. This Annexure covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

3. This Annexure is as per the current direct tax laws relevant for the assessment year 2022-2023. Several of these benefits are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

4. Though benefit of section 80JJAA as mentioned above is also available to assessee other than banking companies, however same has been covered in the Annexure as the Bank has claimed the same in earlier years.

5. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax arising out of their participation in the Proposed IPO

6. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Tax Avoidance Agreement(s), if any, between India and the country in which the non-resident has fiscal domicile.

7. These comments are based upon the provisions of the specified direct tax laws, and judicial interpretation thereof prevailing in India, as on the date of this Annexure.

8. No assurance is provided that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

ANNEXURE 2

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE BANK AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA – OTHERS

Outlined below are the possible special tax benefits available to the Bank and its Shareholders under the Central Goods and Services Tax Act, 2017 and respective State/ Union Territory Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2020, i.e., applicable for the Financial Year 2021-22, presently in force in India read with the rules, regulations, circulars and notifications issued in connection with the Relevant Laws.

I. Possible Special tax benefits available to the Bank

No possible special Indirect tax benefits available to the Bank.

II. Possible Special tax benefits available to the Shareholders of the Bank

There are no possible special indirect tax benefits available to the shareholders of the Bank.

Notes:

1. This Annexure sets out only the possible special tax benefits available to the Bank and its Shareholders under the Central Goods and Services Tax Act, 2017 and respective State/ Union Territory Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2021, i.e., applicable for the Financial Year 2021-22, presently in force in India.

2. This Annexure is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Proposed IPO.

3. Our comments are based on our understanding of the specific activities carried out by the Bank from April 1, 2021 till the date of this Annexure as per the information provided to us. Any variation in the understanding could require our comments to be suitably modified.

4. We have been given to understand that during the period from April 1, 2021 to the date of this Annexure, the Bank has:

   (i) not availed any exemption or benefits or incentives under indirect tax laws;
   (ii) not exported any goods or services outside India;
   (iii) not imported any goods or services from outside India;
   (iv) not made any fresh investment in any State of the country and has not claimed any incentive under any State Incentive Policy.

5. This annexure covers only indirect tax laws benefits other than the specific compliance provisions prescribed in relevant laws for a bank.

6. This annexure does not cover any income tax law benefits or benefit under any other law.

7. These comments are based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.

8. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

INDUSTRY OVERVIEW

All information in this section is sourced from the CRISIL Research Report, which was commissioned and paid for by us for the purposes of the Offer and is available at the following weblink https://www.capitalbank.co.in/investor-relations. The CRISIL Research Report is subject to the disclaimer set out in "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 21. We officially engaged CRISIL for the purposes of commissioning the CRISIL Research Report pursuant to an engagement letter dated August 16, 2021 Except as noted otherwise, all forward looking statements, estimates and projections in this section are CRISIL Research's forward looking statements, estimates and projections. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Research Report and included herein with respect to any particular year, refers to such information for the relevant year.

Macroeconomic scenario

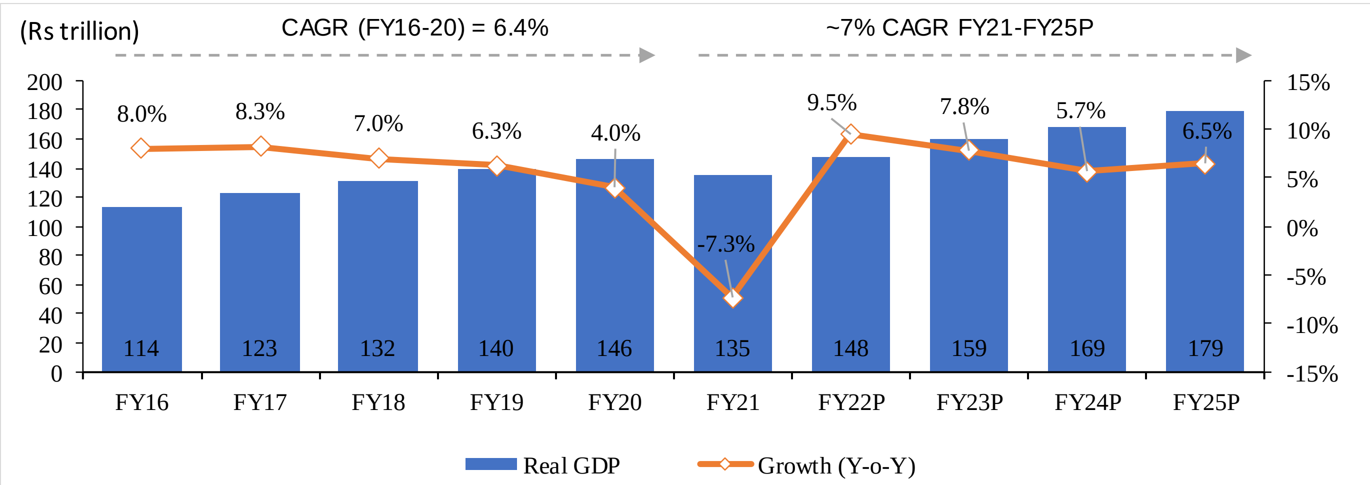
COVID-19 pandemic impacts world and Indian economy; bounce back expected in fiscal 2022

According to the provisional estimates released by the NSO, India's real GDP growth in fiscal 2021 stood at -7.3% versus the earlier estimate of -8.0%. After sluggish growth in first half of the fiscal owing to rising Covid-19 cases, gross domestic product (GDP) growth has moved into positive territory in the second half of the year reflecting a pickup in economic activity.

The fierce second wave of Covid-19 pandemic took the healthcare ecosystem to the brink and beyond in Q1 of fiscal 2022, but it does not seem to have hit economic activity as hard as the first wave did. The main reason for this would be decentralised and less-stringent lockdowns, which reflect the 'learning to live with the virus attitude' that authorities adopted.

We foresee growth rebounding in fiscal 2022, on the back of a very weak base, a counter-cyclical Union Budget for fiscal 2022 pushing investments and some benefit from a rising-global-tide-lifting-all-boats effect. Given that the focus of the budget was on investment rather than consumption push, the full impact of these spends will be seen in the near term via multiplier effects, and over time, through enhancement of productive capacity. To that extent, the budgetary provisions help raise the medium-term prospects for the economy.

Budgetary support and vaccines expected to boost economic growth



Note: E - Estimated and P - Projected
Source: National Statistics Office (NSO), International Monetary Fund (IMF) and CRISIL Research estimates

CRISIL Research forecasts India's GDP for fiscal 2022 to grow by around 9.5%, assuming that some Covid-19 restrictions will continue in some regions, and mobility will remain affected in some form or other, especially which have remained impacted till September 2021 and that 70% of the adult population will be vaccinated by December 2021. In fiscal 2023, we expect growth to remain strong and become more broad-based, as a sufficient proportion of population gets vaccinated by then. CRISIL Research forecasts India's GDP to grow at 6.0-7.0% per annum between fiscals 2023 and 2025

Credit penetration in India

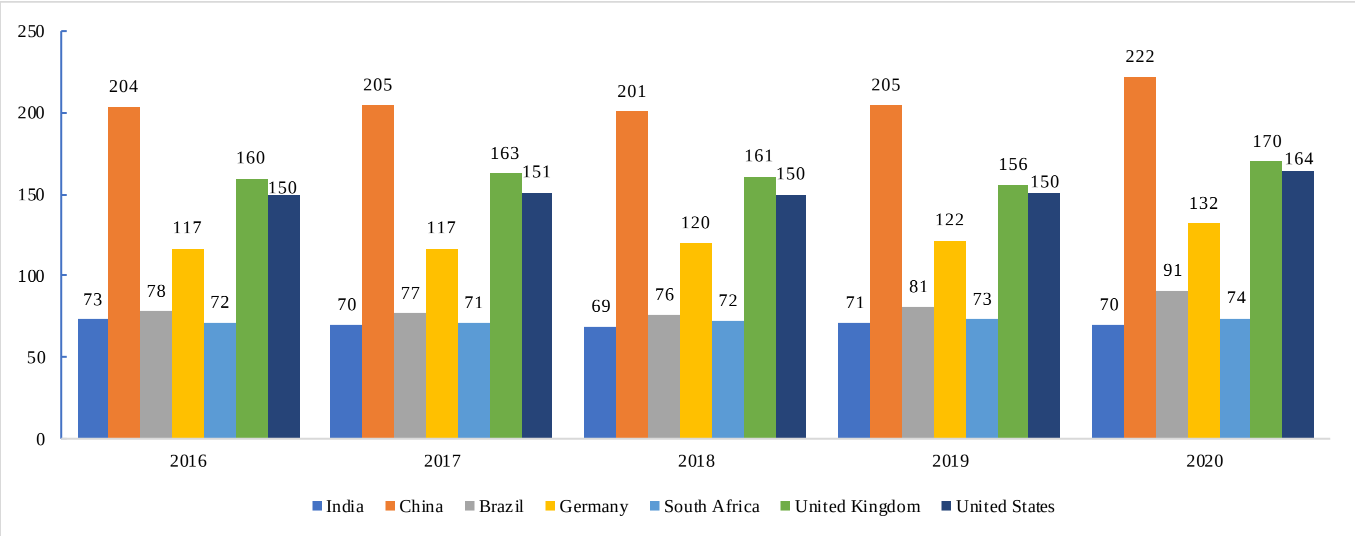
Industrial credit accounted for nearly a third of the overall banking credit mix in Fiscal 2019. The demand has been lower in the past three fiscal years, owing to subdued capital expenditure and low commodity prices. The sector has been plagued with worsening asset quality, which has reached 17.5% in fiscal 2019 as compared to 7.2% in fiscal 2015. This has led to gradual reduction of share of industry credit in the overall banking sector's credit. CRISIL Research expects the growth to stay low towards this sector on account of cautious approach taken by lenders. In contrast, credit towards the retail and services segments has risen rapidly over the past five fiscal years, driven by strong consumer demand, lower NPA and better margins.

Total credit-to-GDP ratio to pick up in the long-term on the back of structural reforms

Fast-paced economic growth, improving digitisation initiatives, increasing banking penetration, and government's implementation of structural reforms such as IBC, augur well for the India's credit to GDP ratio in the long term. With more people attached to formal banking sector, the demand for financial products in smaller cities has seen a major uptick in recent years.

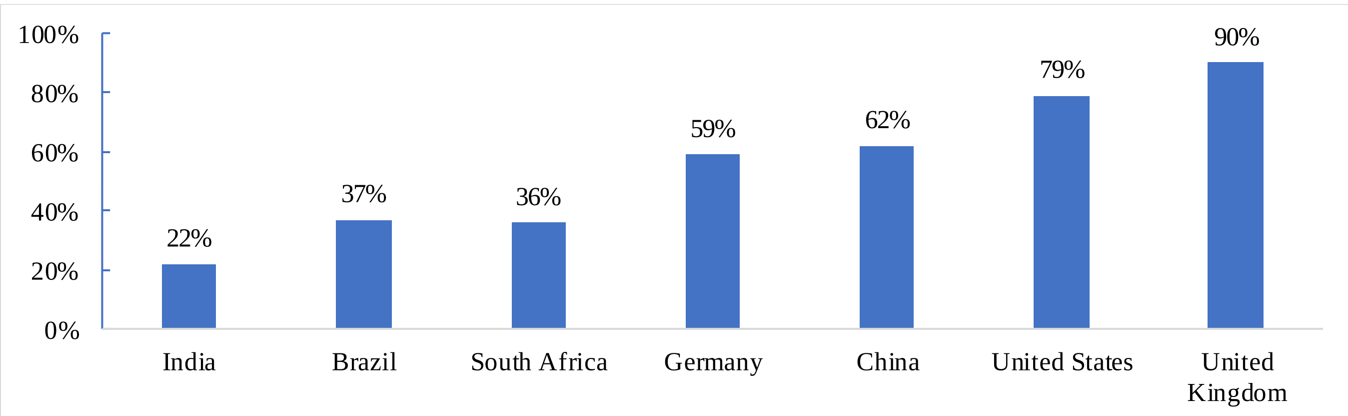
In terms of the credit to GDP ratio, India has a low credit penetration compared with other developing countries, such as China indicating that the existing gap needs to be bridged. Similarly, in terms of credit to households as a proportion of GDP as well, India lags behind other markets, with retail credit hovering at around 22% of GDP as of Fiscal 2020.

Credit to GDP ratio (%)



Note: Data is represented for calendar years for all countries except India. For India, numbers are for fiscal year
Source: Bank of International Settlements, CRISIL Research

Retail Credit to GDP ratio (2020)



Note: For countries except India, data is represented for calendar years. For India, data represented is for fiscal year 2021

In terms of the states within India, the proportion of state bank credit to GDP is quite skewed in terms of some states accounting for significant chunk of bank credit. In terms of the credit penetration, western and southern region account for 77% and 50% ratio in terms of bank credit to GDP. For other regions, there is significant opportunity in terms of capitalising the businesses as well as retail customers as against the contribution to GDP. Within the Northern region, Punjab is at 48%, Rajasthan at 39%, Haryana at 38% and Himachal Pradesh at 22% in terms of bank credit to GDP.

Rural India accounts for about half of GDP, but only about 9% of total credit and 11% of total deposits

At a time when the Indian economy has been severely impacted by the Covid-19 pandemic, the rural economy has been a harbinger of hope. The rural economy is far more resilient today due to two consecutive years of good monsoon, increased spends under MNREGA and irrigation programmes, direct benefit transfer (DBT), the PM-Kisan scheme, PM Ujwala Yojana for cooking gas, PM Awas Yojana for housing, and Ayushman Bharat scheme for healthcare. To supplement this, there has been a continuous improvement in rural infrastructure such as electricity and roads. These government initiatives have led to lesser leakages and higher incomes in the hands of the rural populace, thereby enhancing their ability and willingness to spend on discretionary products and services. Although the majority of Indian households are located in the rural region, the banking infrastructure in these regions is relatively inferior and, thus, there is a gap in the supply and demand of financial services in the backward regions of the country, which is a pocket of opportunity for the financial services sector.

The structural changes, combined with a positive macro environment, will improve rural business prospects, provide business opportunities for the banking and financial services sector and drive the long-term growth of the economy. There is an abundance of natural resources in the northern part of the country which will drive related industries and in turn aid in economic growth of the region. Punjab and Haryana have high agricultural yield in comparison to other states and offers bright growth prospects to agro-processing and agro-residual industries. Thus, the northern region is well positioned to grow with aid from the financial institutions to further support the flourishing agriculture and industrial sector.

About 47% of India's GDP comes from rural areas. But their share in banking credit and deposits is abysmally low with just 9% of total credit and 11% of total deposits coming from rural areas. With a high proportion of population in the rural areas across the country, the financial institutions have less competition for banking services here compared with urban areas. Also, since the level of financial inclusion is lower, it presents a significant opportunity for these entities to penetrate these regions

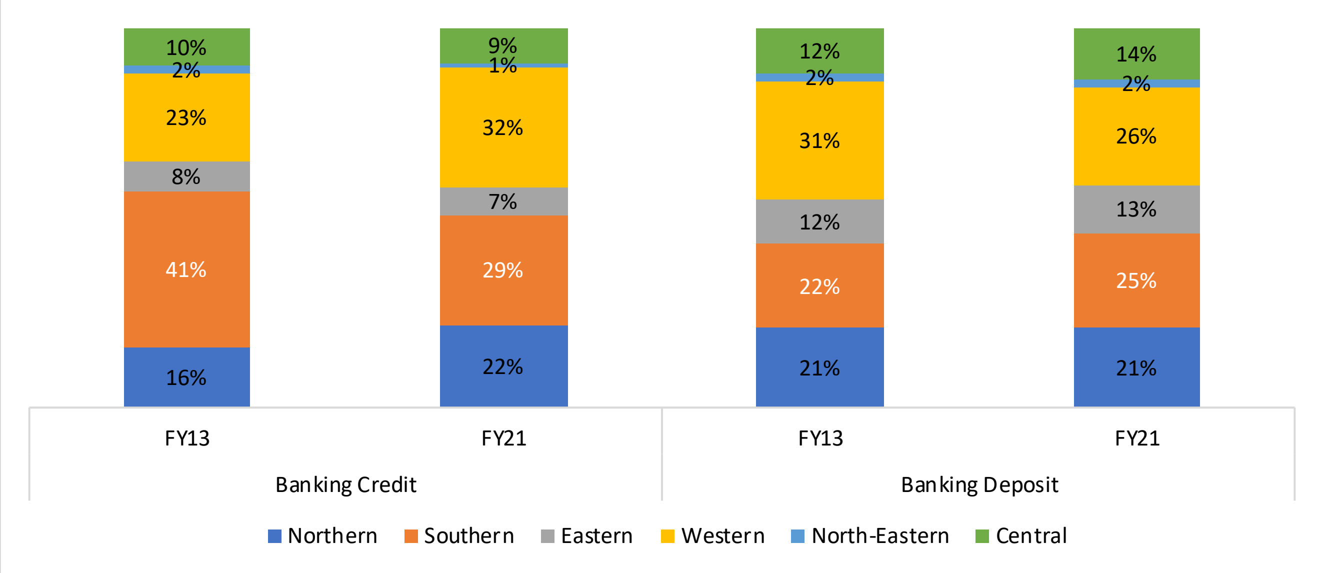
The number of bank credit accounts in rural areas grew at a CAGR of 5.26% between the end of fiscal 2015 and the end of fiscal 2021 and the number of bank deposit accounts grew at a CAGR of 7.37% between the end of fiscal 2015 and the end of fiscal 2020 in the rural region. However, with small finance banks and payments bank increasing their reach and expanding into rural areas and increasing financial awareness, faster growth in rural areas can be expected in the future given the huge untapped potential. Between the end of fiscal 2015 and the end of fiscal 2021, the number of credit accounts in semi-urban areas grew at a CAGR of 9.98% and between the end of fiscal 2015 and the end of fiscal 2020, the number of deposit accounts grew at a CAGR of 8.78%. With a high proportion of population in the rural areas across the country, the financial institutions have less competition for banking services here compared with urban areas.

States with low financial penetration present a strong case for growth

GDP growth has been varied across states with Karnataka growing at the fastest rate of 9.9% CAGR (FY 2015-FY 2020), followed by Haryana (9.1%), Gujarat (8.7%) and Andhra Pradesh (8.6%). Uttar Pradesh, Bihar, Madhya Pradesh, Jharkhand, and Chhattisgarh have the lowest credit account penetration among all other states in the country. Uttar Pradesh and Bihar are the most populous states in India, accounting for 16% and 9% respectively of overall population in India, but their share in overall credit outstanding is only 5% and 1% respectively which shows large variation in credit. In terms of the northern states, the state of Punjab has the least share in overall credit outstanding with ~2% share indicating huge opportunity. These presents an opportunity in terms of financial institutions to penetrate these regions and tap the markets that have high potential for future growth.

Bank credit and deposits are predominantly concentrated in the southern and western regions, whereas they have been especially low in the north-eastern and eastern regions. Deposit penetration in the northern region has maintained its share at ~21% of the overall banking deposits. As a result, there is a huge scope for further penetration in the northern, eastern, north-eastern, and central region across both credit and deposits.

Region-wise share of banking credit and total deposits



Note: The percentages are as of the end of the fiscal year indicated.
Source: RBI; CRISIL Research

In terms of branches, the share of SFBs in total branches is lowest in the Eastern and the Central region followed by the Northern region.

Competitive landscape in the northern region in terms of credit and deposits

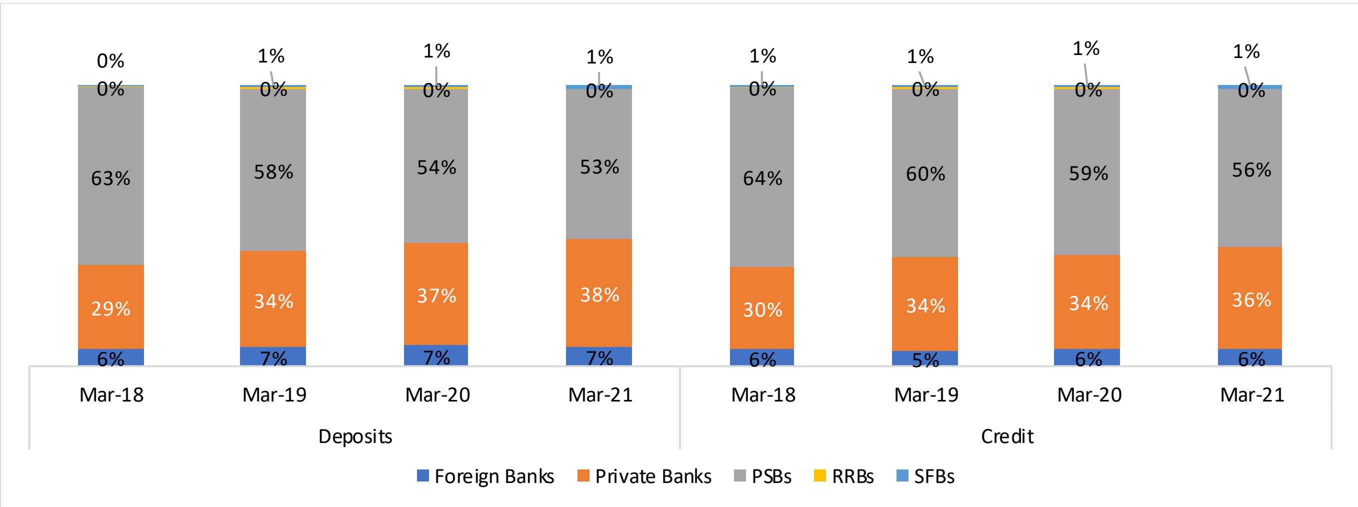
In the northern region, the NCT of Delhi is the largest in terms of deposits with ~Rs 14 trillion worth of deposits on Mar-21 followed by the states of Haryana, Rajasthan, and Punjab. The northern region accounts for 21% of deposits as on Mar-21 and 24% of incremental deposits as on Mar-21 over the aggregate deposits as on Mar-20.

In terms of CASA deposits, the northern region accounts for 15% of the deposits in the country and 16% of incremental deposits in the country in fiscal 2021. Punjab accounts for 19% of CASA deposits in the northern region and 3% across pan India.

In terms of credit, the northern region accounts for 22% of overall credit of SCBs and 8% in the incremental credit of SCBs as on Mar-21 over Mar-20.

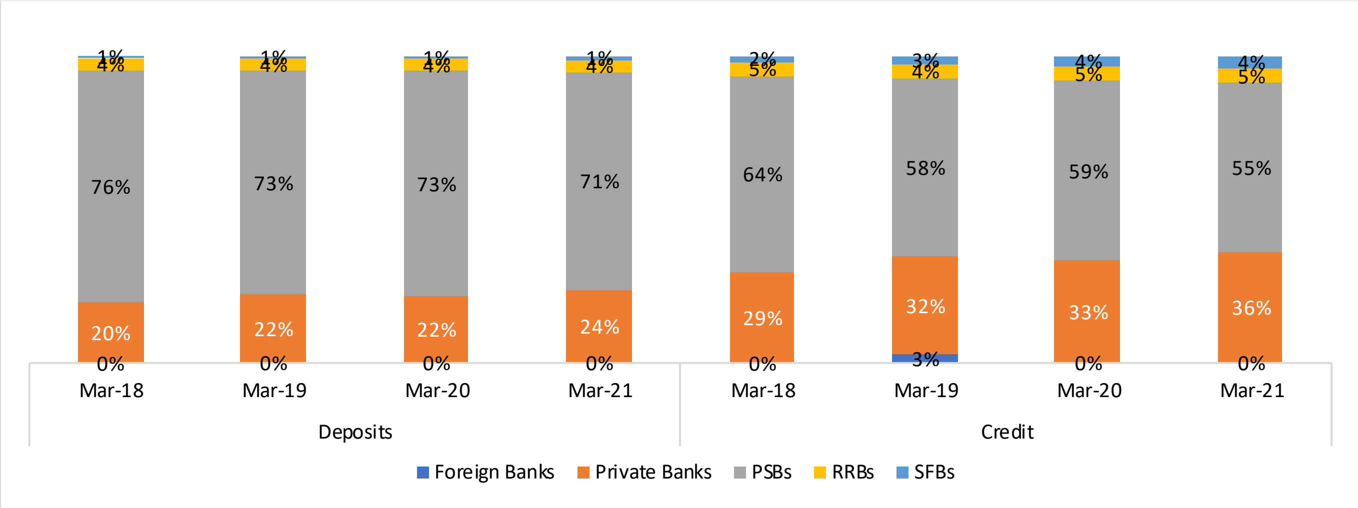
For deposits, within the rural population group of the northern region, share of PSBs is the highest at 68% as on Mar-21 but has decreased constantly from 72% as on Mar-18. This is due to the increasing presence of Private Banks and SFBs in the rural population group. In terms of credit too, we have seen a similar trend with share of PSBs decreasing to 58% on Mar-21 from 66% as on Mar-18.

Trend in distribution of urban deposits and credit across player groups in the northern region



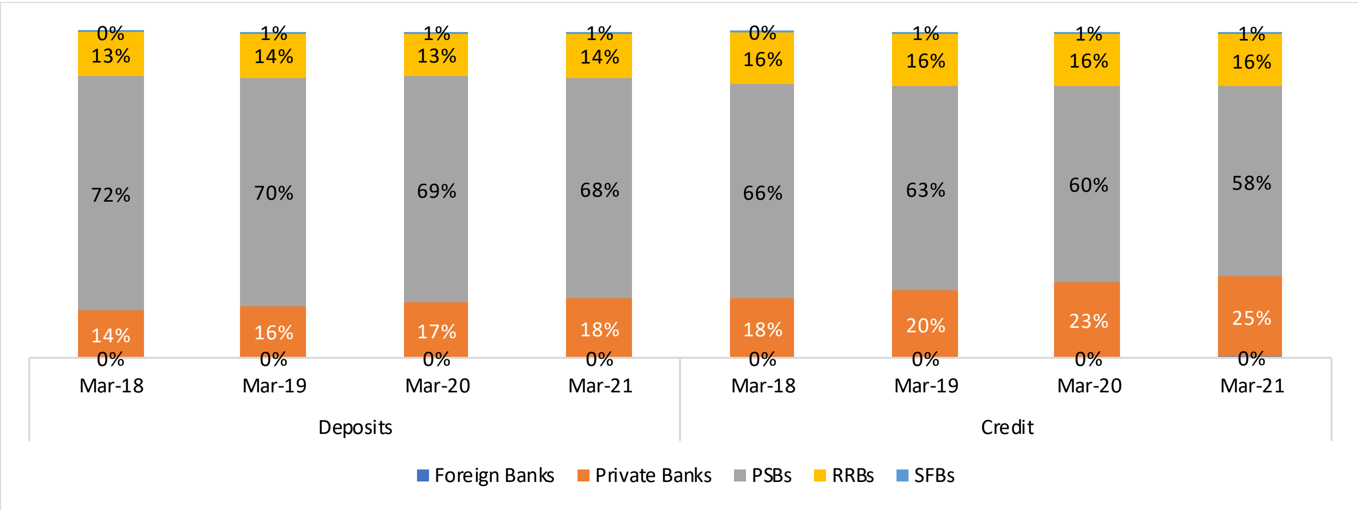
Source: RBI; CRISIL Research

Trend in distribution of semi-urban deposits and credit across player groups in the northern region



Source: RBI; CRISIL Research

Trend in distribution of rural deposits and credit across player groups in the northern region



Source: RBI; CRISIL Research

Competitive landscape in the state of Punjab in terms of credit, deposits, and branches

Share of public sector banks in Punjab has been seen dwindling as against that of private banks and SFBs. SFBs have a stronger position especially in the rural and semi urban region within the state on account of being present at ground level, understanding the needs of customers and on account of improving financial inclusion in the region. SFBs have increased their market share to 4% in Mar-21 from 2% as on Mar-18. Similarly, their share in deposits and credit has also doubled in the last 3 fiscals. However, their share is still lower than the other player groups and thus there remains a scope of further expansion despite the better performance in prior years.

Small finance banking industry

Evolution of SFBs

In 2013, the RBI constituted a committee to further their goal of financial inclusion. The committee recommended differential licencing in the form of payment banks which was chaired by Dr Nachiket Mor and small finance banks which was chaired by Mrs. Usha Thorat. On November 27, 2014, the RBI released guidelines for a new class of banking entity called small finance banks that would cater to the diverse needs of low-income groups. On September 16, 2015, the RBI awarded small finance bank licences to 10 players on account of the government's focus on financial inclusion and inclusive banking.

8 out of the 10 entities given in-principal approval were microfinance institutions. Players like AU SFB and Capital SFB are the only two that are not NBFC-MFIs to receive an SFB license. They were given approval on account of lending in contiguous districts, mobilizing rural savings and making them available for local investments and were aimed at furthering financial inclusion. These were given SFB licenses on account of their lending primary in the rural and semi-urban regions as well as furthering financial inclusion by means of bringing high number of people into the banking fold.

With small finance banks and payments bank increasing their reach and expanding into rural areas and increasing financial awareness, faster growth in rural areas can be expected in the future given the huge untapped potential. Between the end of fiscal 2015 and the end of fiscal 2021, the number of credit accounts in semi-urban areas grew where share in branches of PSBs has fallen as against SFBs increasing their share from 1% FY18 to 3% in FY21.

These entities can focus on both the asset and liability side where currently the PSBs dominate. This provides considerable opportunity to SFBs to gain further share through their specialised offerings and expanding their services to the underbanked. Similarly, in terms of credit and deposits, the share of SFBs across various regions is in the range of 0-2% and hence significant improvement in their share is possible by providing targeted services by being attached with the population at ground level.

Given the strong hold and experience of these entities in dealing with customers across these regions, the share of SFBs will go up as against the public and private sector banks and thus presents a large opportunity for SFBs to penetrate these regions deeply at the expense of others.

For non-NBFC entities like a local area bank or an urban co-operative bank, the scheduled bank license to run as an SFB acts as a booster in terms of enhancing their reach in the geographies where they already are present to further bank the unbanked and provide extended services beyond their initial scope of activities.

With their localised past experience, SFBs, especially the ones which were existing as local area banks have the ability to manage local stakeholders and maintain operational efficiency more effectively.

Going Digital increasing the thrust area for financiers

Asset side: CRISIL Research is of the view that digitisation and usage of technology has had the biggest impact on customer acquisition and on-boarding followed by credit assessment to some extent.

Liability side: Digitisation allows SFBs to lower their operational cost by removing their repetitive and time-consuming processes. The players in the industry are now using mobile/TAB based paperless on-boarding rather than the conventional means, which has led to a significant reduction in TAT to a maximum of 1 hours from 1-2 days when using traditional means.

Impact of various crisis on financial institutions

CRISIL Research expects lenders with stronger deposit base, varied funding avenues, deeper distribution network, superior underwriting skills, higher capability to offer customised products, and ability to keep asset quality under check will continue to drive growth and stay ahead of the pack. Across various player groups, the important events have had a specific impact resulting in them gaining or losing share and slowing down or accelerating their deposits and credit franchise.

Various events considered include:

1. Demonetisation – November 2016
2. GST implementation – July 2017
3. IL&FS crisis – September 2019
4. Covid-19 pandemic – March 2020

Capital SFBs performance across the major disruptive events has been strong and resilient and it has fared better or at par in comparison to other player groups during the course of these events. In terms of the overall deposits, Capital SFB has beaten the growth in PSBs and Private sector Banks as well as all the banks combined, in all the years across all the 4 major events.

In terms of the overall credit growth too, Capital SFB has grown the fastest when compared to overall banking industry, the PSBs and private sector banks across each year and each event.

Trend in growth of overall deposits of bank groups in comparison to Capital SFB

Parameter	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Overall Banks	11.2%	6.8%	9.4%	9.5%	12.3%
Public Sector Banks	9.1%	3.2%	6%	8.2%	10.4%
Private Banks	19.6%	17.4%	15.4%	10.4%	16.6%
Capital SFB	31.1%	19.9%	28.7%	21.3%	17.4%

Source: RBI, Company Reports, CRISIL Research

Trend in growth of overall credit of bank groups in comparison to Capital SFB

Parameter	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Overall Banks	5.4%	9.5%	13.1%	6.4%	5.6%
Public Sector Banks	1.8%	4.7%	9.2%	4.2%	3.6%
Private Banks	17.1%	20.9%	20.2%	9.3%	9.1%
Capital SFB	19.2%	35.3%	40.8%	27.5%	13.1%

Source: RBI, Company Reports, CRISIL Research

In terms of CASA deposits, Capital SFB has shown the maximum growth amongst and against all the player groups post demonetisation. It has fared better than the public and private sector banks post implementation of GST, during and post the IL&FS crisis when the liquidity was low in the system as well as post covid, which saw far reaching impacts across the financial system globally.

Growth in CASA deposits across player groups during and post major events

Parameter	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Public Sector Banks	24.5%	6.1%	5.2%	7.6%	14.9%
Private Banks	31.1%	18.7%	18.7%	10.1%	24.4%
Capital SFB	47.3%	21.3%	23.5%	14.7%	29.6%

Source: RBI, Company Reports, CRISIL Research

The asset quality of Capital SFB is superior to all the player groups across the time period across all the major events denoting better approval mechanism and strength of the asset franchise of Capital SFB.

Trend in GNPA across player groups across various events

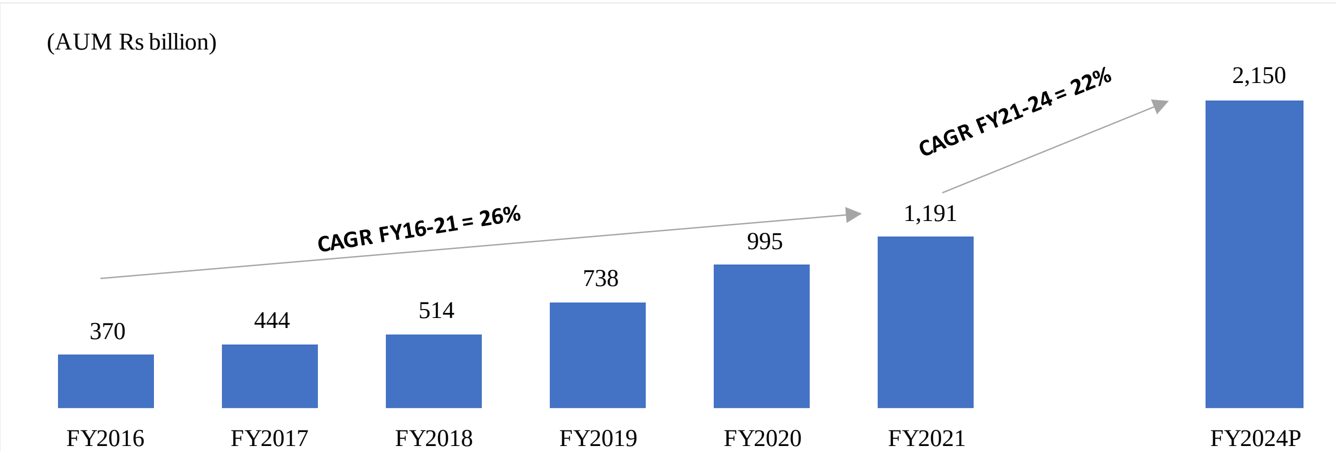
	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Public Sector Banks	9.3%	11.7%	14.6%	11.6%	10.8%	9.5%
Private Sector Banks	2.8%	4.1%	4.7%	5.3%	5.1%	4.8%
Capital SFB	0.7%	1.0%	1.1%	1.3%	1.8%	2.1%

Source: RBI (Financial Stability Report – July 2021), RBI, Company Reports, CRISIL Research

Strong asset quality performance of Capital SFB across years and events: The asset quality of Capital SFB is superior to all the player groups across the time period across all the major events denoting better approval mechanism and strength of the asset franchise of Capital SFB.

Industry growth and outlook

Huge opportunity to support growth over next three years (AUM)

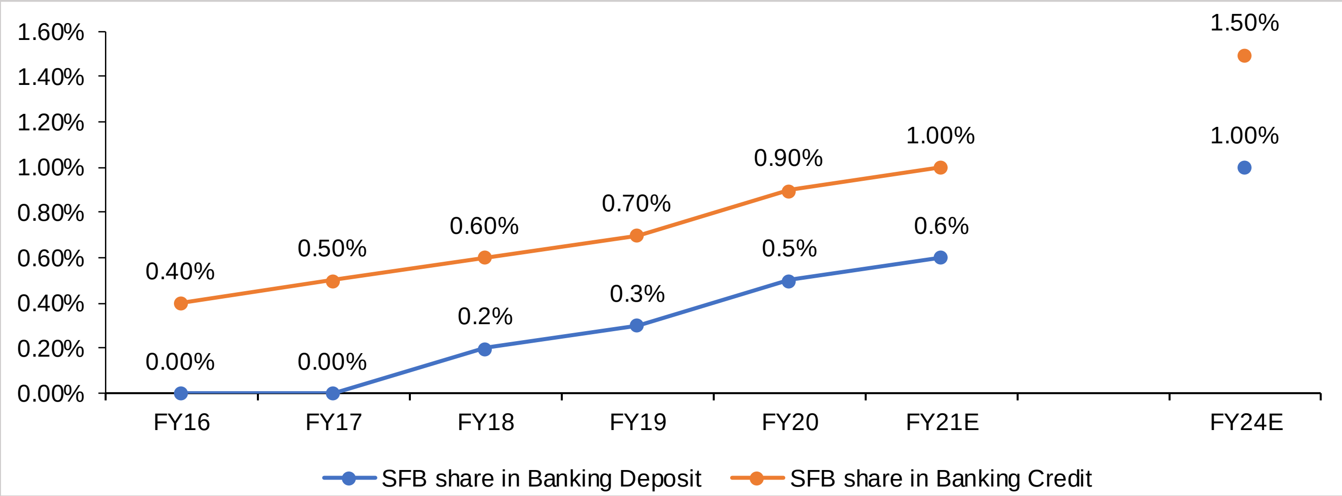


Note: P Projected, AUM considered for other players, the amounts are as of the end of the fiscal indicated
Source: Company reports, CRISIL Research

Small finance banks' AUM clocked 26% CAGR during fiscals 2016-2021. CRISIL Research expects the sector's loan portfolio to see a strong ~22% CAGR in the near term as most of the SFBs have completed the transition phase and likely to get benefit from the operating leverage. In terms of branches, the share of SFBs in total branches is lowest in the Eastern and the Central region followed by the Northern region. These areas are still largely dominated by public sector banks. This provides considerable opportunity to SFBs to gain further share through their specialised offerings and expanding their services to the underbanked.

The share of SFBs in deposits as well as credit has seen a steady rise over the years and is expected to reach 1% and 1.5% respectively by fiscal 2024 from the current 0.6% and 1.0% in deposits and credits in fiscal 2021. This will be on the back of robust growth on account of focused penetration and on the ground reach of these entities in comparison to the other more established player groups

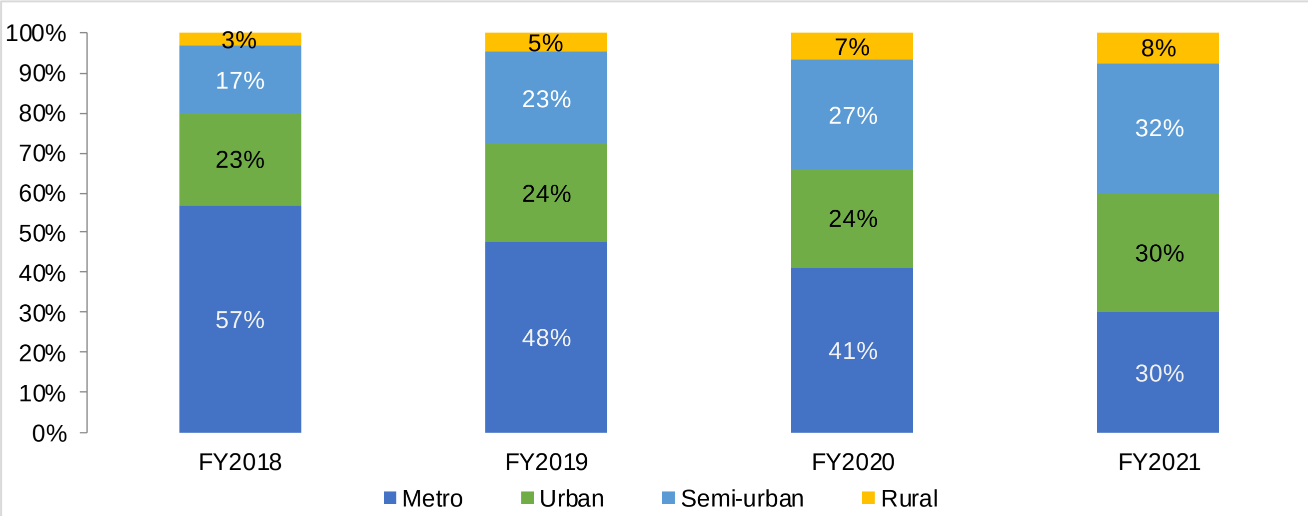
SFBs share in overall banking credit and deposit to grow



Note: E: Estimated
Source: RBI, CRISIL Research

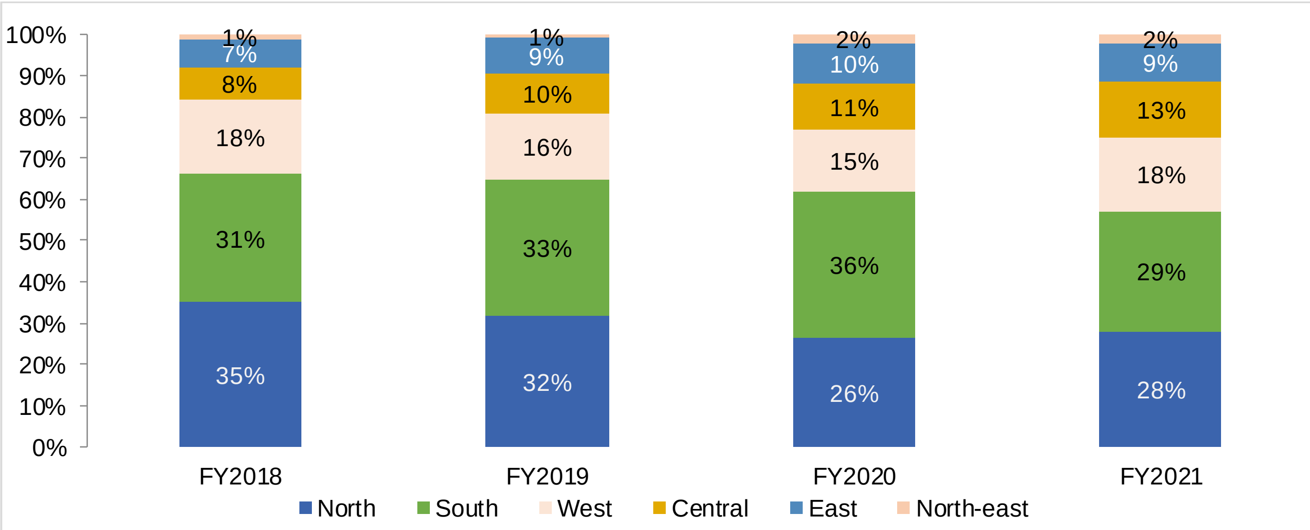
Advances across regions for SFBs

Share of urban and semi-urban regions in total advances continue to increase for SFBs



Note: Rural: Population less than 10,000, Semi urban: 10,000 <=Population <1 Lakh, Urban: 1 Lakh <=Population <10 Lakh, Metropolitan: Population 10 lakh and above

Source: RBI, CRISIL Research



Source: RBI, CRISIL Research

The northern states comprising of Rajasthan, Punjab, Haryana, Nct of Delhi, Chandigarh, and J&K together account for 28% of the overall advances from SFBs amounting to ~Rs 318 billion. Within these, Rajasthan accounts for 16%, Punjab for 5%, Haryana and Nct of Delhi for 3% of the advances across the country.

Top 10 states contribute approximately 83% of the loan portfolio. A large potential exists for SFBs to wrestle share from other player groups especially the public sector banks in the rural and semi urban region where there exists scope for deepening the levels of financial inclusion of the population. Especially the entities with strong background and experience will be able to garner higher share in these regions as can be seen from the experience in last few years, where share in branches of PSBs has fallen as against SFBs increasing their share from 1% FY18 to 3% in FY21. These entities can focus on both the asset and liability side where currently the PSBs dominate.

Further, SFBs have a considerable share of their overall share of branches, deposits and credit in the semi-urban region as compared with private banks, foreign banks, and public sector banks. Slowly, we expect that the SFBs will incrementally expand share in the rural region considering their experience in the semi-urban areas and lower competition in the rural region from other player categories. This in turn can work to their benefit on account of being specialised with certain products and having deeper on the ground connection in these regions.

SFBs continue to diversify their portfolio beyond microfinance business

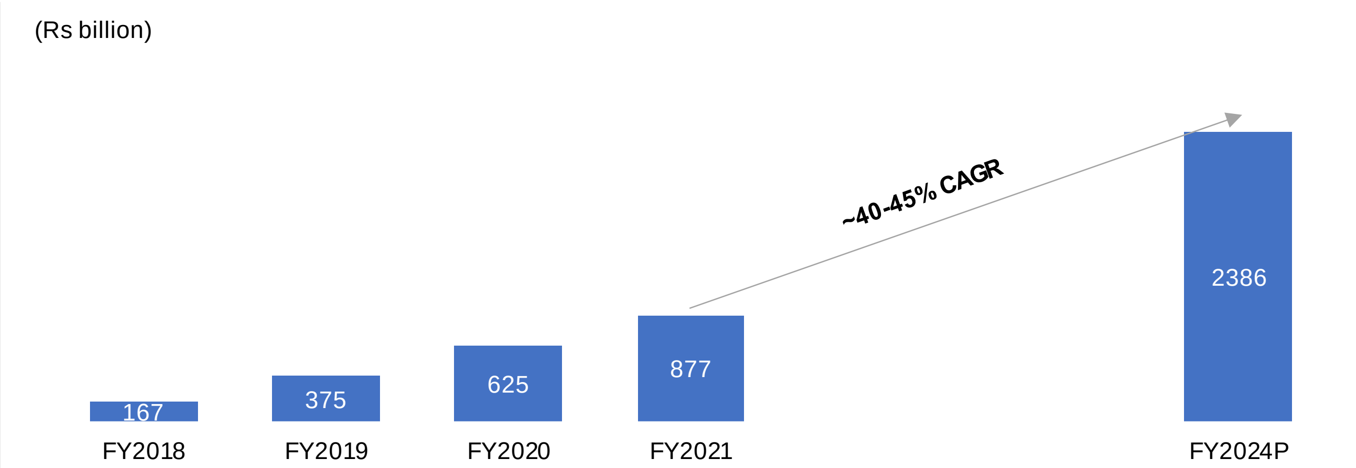
Eight of the 10 firms that got SFBs licence are MFIs and for most of them microfinance is the central product. After the conversion of NBFC-MFIs to SFBs, the focus is now on diversifying the product portfolio. CRISIL Research expects MFIs that converted to SFBs to further diversify and focus on allied segment loans, such as MSME loans, affordable housing finance, gold loans, CV/non-CV loans and two-wheeler loans, which will reduce the dominance of microfinance in their overall loan portfolio.

However, for AU SFB and Capital SFB, which already existed in these diversified segments, systemic risk is lower in comparison to the overall industry with high MFI base. These banks had an existent franchise for other products as against microfinance and thus can find it operationally less challenging to venture into the diversified products due to their existent systems, processes, and technical know-how for these products.

SFB deposits to grow faster than private, public sector banks

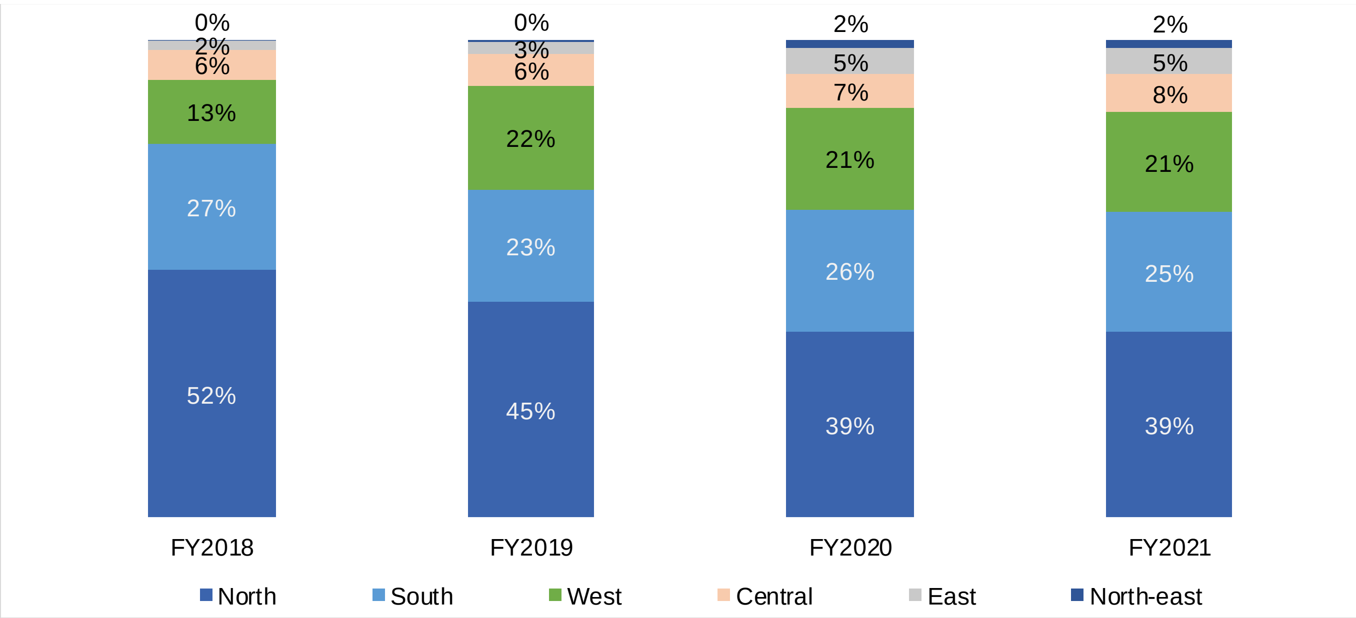
SFBs have a significant growth potential given their current relative smaller scale and level of financial inclusion in the country. The overall deposit base of SFB's doubled to around Rs 375 billion as of fiscal 2019 from the previous fiscal. It further increased ~53% CAGR to reach Rs 877 billion in fiscal. Going forward, CRISIL Research expects SFBs' deposit to grow 40-45% CAGR over fiscals 2021-2024 as players focus on popularising convenient banking habits to cover the last mile and widen financial inclusion by deepening their penetration in untapped geographies.

SFB deposits to grow robustly



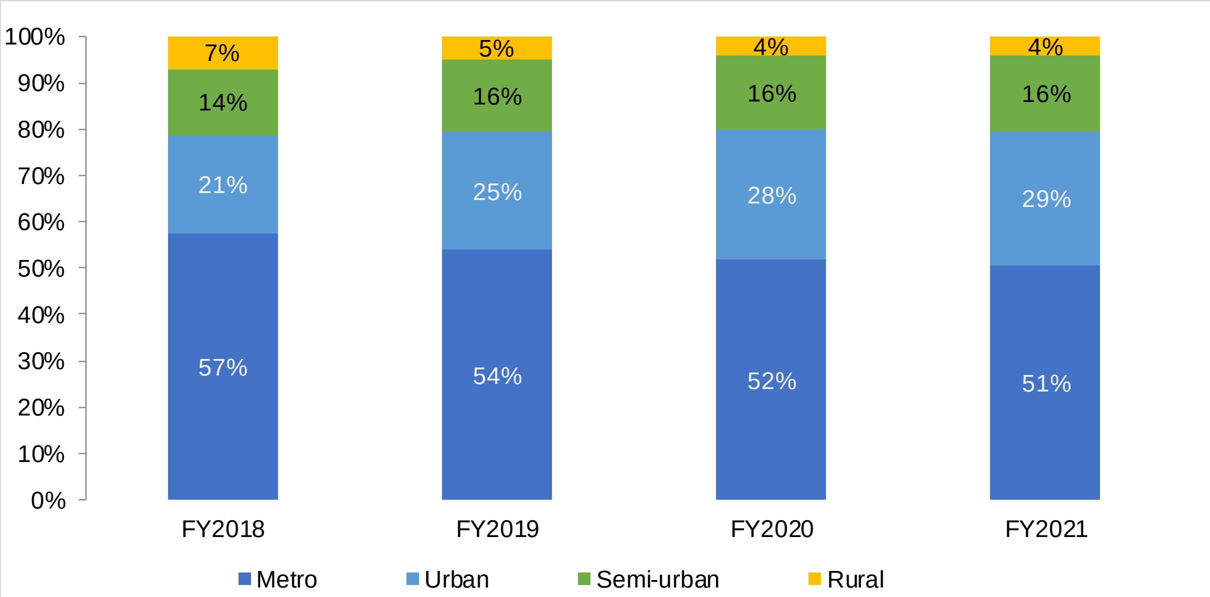
Note: Amounts are as at the end of fiscal year indicated; P: Projected
Source: Company reports, CRISIL Research

Deposits across regions for SFBs



Source: RBI, CRISIL Research

Around 80% deposits is from metropolitan and urban regions for SFBs

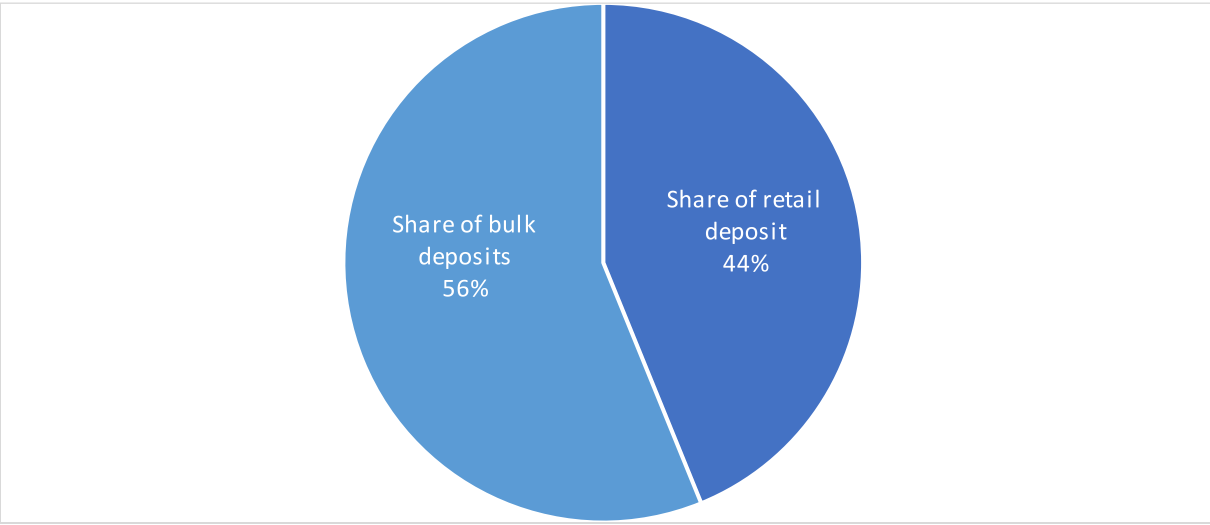


Note: Rural: Population less than 10,000, Semi urban: 10,000 <=Population <1 Lakh, Urban: 1 Lakh <=Population <10 Lakh, Metropolitan: Population 10 lakh and above
Source: RBI, CRISIL Research

The northern states comprising of Rajasthan, Punjab, Haryana, Nct of Delhi, Chandigarh, and J&K together account for 39% of the overall deposits with SFBs amounting to ~Rs 340 billion.

Top 10 states contribute approximately 85% of the deposits

Share of retail deposit in total deposit (FY2021 - Estimated)

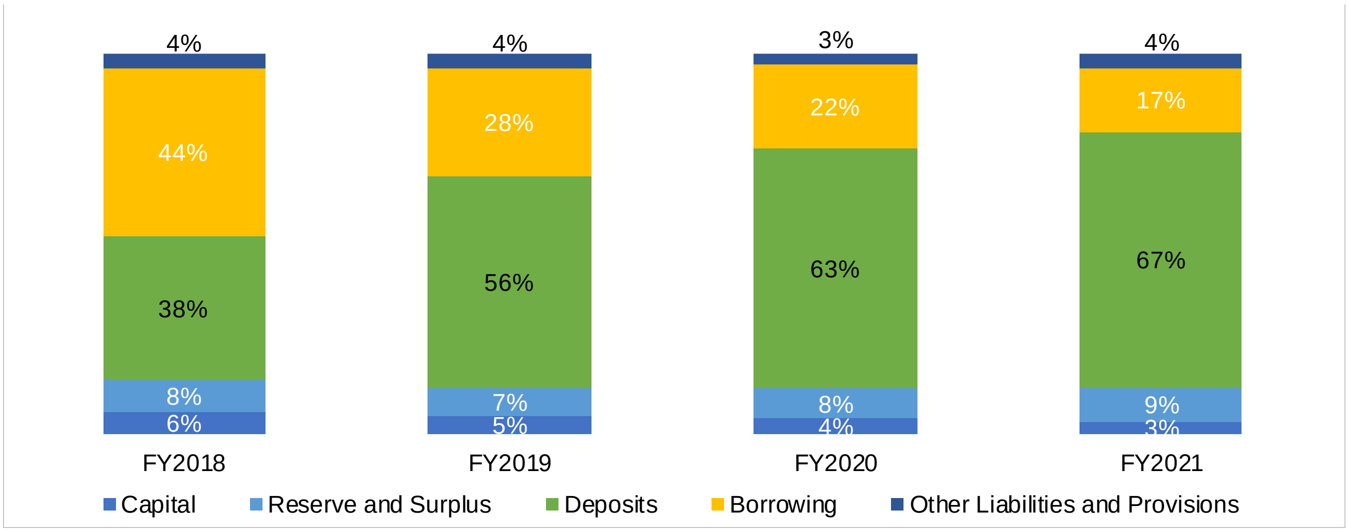


Note: Retail deposit include CASA and Term deposits
Source: Company reports, CRISIL Research

Resource profile of SFBs

The resource profile of SFBs transformed in the last two years owing to a decrease in share of borrowings from 44% as of fiscal 2018 to 17% as of fiscal 2021 and a rise share of deposits from 38% to 67% during the period. Their asset-liability management (ALM) profile remains comfortable owing to conservative liquidity policy, mobilisation of deposits and shorter tenure loans.

Rapid ramp-up in deposits for SFBs



Note: the percentages are as at the end of fiscal year indicated
Source: Company reports, CRISIL Research

Profitability for SFBs to bounce back in fiscal 2022

In fiscal 2020, profitability of SFBs (excluding Jana SFB) increased by 20-30 bps, owing to decent business in the nine months of business. However, outbreak of Covid-19 followed by the nationwide lockdown in the month of March 2020, caused a rise in credit costs for SFBs who made special Covid-19 provisioning, in addition to standard provisioning as of fiscal 2020.

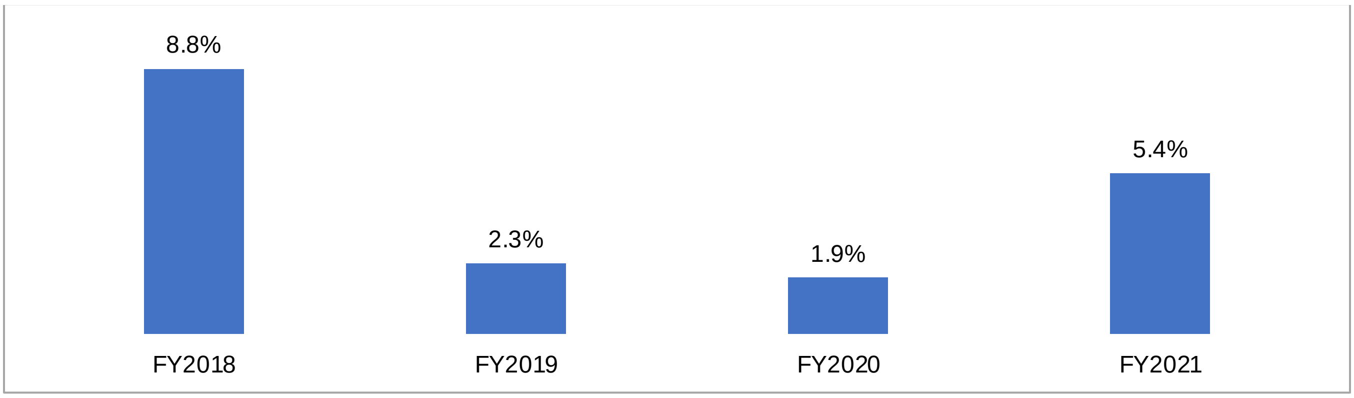
In fiscal 2021, profitability has declined sharply to 1.4% from 1.7% in fiscal 2020 due to lower NIMs, and higher credit costs. Players who have adequate capital have gone for front loading of credit costs in fiscal 2021 itself, while players who have lower margins and higher operating costs would have gone for lower credit costs in fiscal 2021 and would account for the increased credit costs in fiscal 2022 given some buffer from increased NIMs and higher other income in fiscal 2022.CRISIL Research expects the profitability to improve to 1.8% in fiscal 2022 from 1.4% in fiscal 2021 on the back of higher net interest income and lower credit cost.

Asset quality for SFBs could deteriorate due to the pandemic

GNPA of SFBs improved to 1.9% in fiscal 2020 and 2.3% in fiscal 2019. This could be attributed to diversification of product mix into relatively less risky assets, write-off of legacy loans and reduction in microfinance loans due to better collection mechanism and deep understanding of their local geographies and customers. In fiscal 2021, SFBs have faced severe asset quality issues, with GNPA rising to 5.4%, as near-term collections see disruptions on account of Covid-19.

While banks have offered a moratorium period to borrowers, SFBs' asset quality is likely to deteriorate due to difficulties faced by their borrowers. However, the impact is likely to be based on the geographical concentration of the loan portfolio. At a regional level, collections in Northern parts of the country are better as compared to Southern regions of the country and Western and Central regions are also performing better as compared to Eastern regions. Going forward, CRISIL Research expects that asset quality will vary depending on geographical concentration and situation of local lockdowns in the short term and on efficiency in credit underwriting, monitoring, and collection over the long term.

GNPA trend of overall SFB Industry



Note: Fiscal 2018 GNPA for SFBs excluding Jana SFB is 2.6%

Source: Company reports, CRISIL Research

SFBs with their strong associations to a particular region will help them understand the needs and market potential, and thus help them serve better. This coupled with robust technology systems will help them have highly cost-effective operations and allow the local area banks to achieve exponential growth by removal of geographical barriers.

Peer benchmarking

Capital SFB already had its presence across the retail liability and asset side on account of operating as a local area bank before converting to a small finance bank. As a result of the same, its retail franchise and reach had already been established across the current and savings deposits as well as retail term deposits placing it in good stead as against other small finance banks that are new to the product and have to acquire a lot of customers through various channels to establish a strong base.

In terms of the retail lending operations as well, Capital SFB is well diversified with product knowledge and experience across various asset classes. In comparison, the majority of other SFBs primarily focused on MFI lending, could find it more difficult to penetrate into other products as the knowledge has to be built from scratch and the entire operational cost has to be borne to be set up from base across asset classes. Thus, for Capital SFB the products, systems and processes are already in place since it had been operating as a local area bank and is in a good position to scale up its operations across different geographies.

The below analysis is done on the reported numbers for fiscal 2021.

Capital SFB has the lowest cost of funds among SFB players

Capital SFB's cost of funds at 5.8% was the lowest among all SFBs for fiscal 2021. AU SFB has the second lowest cost of funds at 6.5%, which is almost 70 bps higher than Capital SFB.

Capital SFB has highest proportion of retail deposits and second highest proportion of CASA deposits in fiscal 2021

Capital SFB has just 2% of its deposits classified as bulk, which is the lowest proportion amongst all SFBs. This clearly indicates the granular nature of its deposit base as 98% of its deposits are retail deposits. Also, Capital SFB has 2nd highest proportion of CASA deposits in total deposits at 40% behind only North East SFB having the CASA deposit proportion of 44%.

Capital SFB has the highest deposit to loan book ratio despite offering lowest interest rates on deposits

Capital SFB has deposit to loan book ratio at 138.7% which is highest among SFB peers followed by ESAF SFB which has deposit to loan book ratio of 110.2%. Also, Capital SFB has lowest interest rate offered for Savings account which brings cost of deposits at lowest among peers at 5.7%. Also, Capital SFB has the lowest concentration risk in terms of deposits as top 20 depositors accounts for only 3.7% followed by ESAF which has top 20 depositor's concentration at 9.0%.

Capital SFB is 2nd lowest interest paying SFB where-in its rate of interest for retail term deposits inches up to only 6.25% whereas others offer a higher rate across some of the tenors in retail deposits.

99% of Capital SFBs AUM is secured

Capital SFB has highest proportion of secured lending as compared to other SFB players. Also, the collection efficiency at the end of March 2021 is very high at 98%.

Capital SFB has the highest liquidity on its balance sheet

Capital SFB has highest proportion cash and bank balances as a % of total assets on its balance sheet indicating that it has low dependency on external funds or borrowing to cater to its short to medium term asset side needs and can deploy the excess liquidity for growth in its loan book.

Lending details of SFBs as end-fiscal 2021

(%)	Liquidity – cash and bank balance to total assets
AU SFB	9.3%
Equitas SFB	13.7%
Ujjivan SFB	12.6%
Jana SFB	11.8%
Utkarsh SFB	9.6%
ESAF SFB	14.7%
Fincare SFB	14.5%
Capital SFB	**20.3%**
Suryoday SFB	8.9%
North East SFB	8.9%

Source: Company reports, CRISIL Research

Profitability of SFB players

Capital SFB has the lowest opex ratio amongst SFBs for fiscal 2021

Capital SFB has the lowest opex ratio at 3% for fiscal 2021. Some of the player have opex ratio almost double that of Capital SFB. On an average capital SFB charges the lowest yield on advances relative to its peers as of fiscal 2021. Further, Capital SFB has the 4th best return on equity.

Profitability of SFB players in fiscal 2021

Players	Total Income (Rs Billion)	Yield on advances (%) *	Growth in NII (y-o-y)	Gross Spread	NIMs (%)	Opex as % of average assets	Opex as a % average advances	RoE (%)	RoA (%)	Return on AUM	Cost to income (%)	Advances to Total Assets
AU SFB	57.5	13.9%	23.9%	6.3%	5.0%	3.5%	5.4%	22.3%	2.5%	3.4%	73.8%	67.1%
Equitas SFB	36.1	18.6%	20.2%	11.3%	8.2%	6.0%	8.7%	12.7%	1.7%	2.3%	69.2%	68.2%
Ujjivan SFB	31.2	18.5%	5.8%	11.3%	8.9%	6.3%	8.6%	0.3%	0.04%	0.1%	60.3%	71.1%
Jana SFB	27.3	NA	24.9%	13.0%	7.6%	6.3%	9.7%	7.8%	0.5%	0.7%	80.4%	60.9%
Utkarsh SFB	17.3	NA	15.2%	9.6%	6.9%	4.5%	7.5%	9.4%	1.0%	1.5%	69.2%	67.7%
ESAF SFB	17.7	20.1%	16.3%	14.7%	8.5%	5.8%	8.6%	8.7%	1.0%	1.4%	60.3%	66.2%
Fincare SFB	13.8	NA	13.3%	16.1%	9.3%	6.1%	9.2%	11.8%	1.50	2.0%	55.9%	66.5%
Capital SFB	**5.6**	**11.3%**	**15.1%**	**4.7%**	**3.4%**	**3.0%**	**4.9%**	**9.5%**	**0.7%**	**1.2%**	**70.8%**	**58.5%**
Suryoday SFB	8.8	17.8%	(16.3%)	9.6%	6.8%	5.4%	8.7%	0.9%	0.2%	0.3%	82.2%	59.3%
North East SFB	3.1	NA	3.9%	11.9%	8.1%	6.6%	9.5%	1.9%	0.3%	0.4%	73.6%	73.3%

Note: The Numbers calculated are based on yearly average.

Yield on Advances is as per reported numbers from company reports and not calculated

NA: Not Available

Source: Company reports, CRISIL Research

Capital SFB has lowest credit cost among SFB players

Capital SFB has lowest credit cost of 0.30% (as a % of average assets) and 0.5% (as a % of average advances) followed by AUSFB which has credit cost of 1.5% and 2.3% respectively.

Profitability of SFB players for fiscal 2021

	Capital adequacy	PPOP (Rs Million)	PAT	Fee income to Total asset	Credit cost to average assets (%)	Credit cost to average advances (%)
AU SFB	23.40%	15,070	11,710	0.91%	1.5%	2.3%
Equitas SFB	24.20%	8,866	3,842	0.11%	1.7%	2.5%
Ujjivan SFB	26.40%	8,093	83	0.70%	4.1%	5.6%
Jana SFB	19.30%	4,509	843	0.97%	2.2%	3.4%
Utkarsh SFB	21.90%	4,383	1,118	0.34%	2.7%	4.0%
ESAF SFB	24.20%	4,158	1,054	0.27%	2.8%	4.2%
Fincare SFB	29.50%	3,651	1,131	NA	3.3%	5.0%
Capital SFB	**19.80%**	**715**	**408**	**0.79%**	**0.3%**	**0.5%**
Suryoday SFB	51.50%	1,813	119	0.55%	2.8%	4.5%
North east SFB	21.22%	510	72	0%	2.0%*	2.9%*

*Note: * indicates credit cost calculated as overall provisions and contingencies (including provision for tax) to average of total assets*
Source: Company reports, CRISIL Research

Capital SFB has best asset quality (NPA) amongst peers

Capital SFB has GNPA of 2.08% and NNPA of 1.13% which is lowest among SFB players. Capital SFB has had the lowest write-offs amongst the players on account of large proportion of loan book being secured as well as the stringent risk assessment and credit underwriting. Also, Capital SFB has maintained highest liquidity ratio of 441% which is almost double than second highest player. Capital SFB also has the lowest slippage ratio amongst the SFBs.

Non-performing asset of SFB players for fiscal 2021

Players	Provision Coverage Ratio (%)	Liquidity Coverage Ratio (%)	GNPA (%)	NNPA (%)	Write-offs as a % of loan book	Slippage ratio
AU SFB	50.00%	116.00%	2.70%	2.20%	0.33%	4.8%
Equitas SFB	58.60%	NA	3.70%	1.60%	1.45%	4.3%
Ujjivan SFB	60.00%	116.00%	7.00%	2.90%	0.51%	7.4%
Jana SFB	NA	NA	NA	NA	2.00%	8.3%
Utkarsh SFB	65.50%	168.60%	3.70%	1.30%	0.43%	4.9%
ESAF SFB	52.77%	170.78%	6.70%	3.80%	0.00%	NA
Fincare SFB	74.82%*	241.40%	3.46%*	1.88%*	NA	7.4%
Capital SFB	**46.14%**	**441.49%**	**2.08%**	**1.13%**	**0.00%**	0.8%
Suryoday SFB	63.70%	220.20%	9.40%	4.70%	2.43%	11.3%
North east SFB	21.22%	NA	11.58%	6.81%	0.00%	12.6%

* *Fincare SFB numbers are as of December 2020.*
Source: Company reports, CRISIL Research

Capital SFB has the highest retail deposits per branch and 3rd highest outstanding advances per branch

Capital SFB has Rs 238.2 million of outstanding advances per branch which is 3rd highest among SFB players behind only AU SFB and Ujjivan SFB which have outstanding advances per branch of Rs 465.2 million and Rs 252 .1 million, respectively as of fiscal 2021.

In terms of retail deposits per branch, Capital SFB has the highest value of Rs 322.5 million followed by AU SFB with Rs 212.8 million and ESAF SFB with Rs 159.1 million. Capital SFB has the 2nd highest total business per branch worth Rs 560.7 million behind only AU SFB having total business of Rs 678.0 million per branch as of fiscal 2021.

Capital SFB has the lowest opex per branch amongst its peers.

Per branch comparison (FY21)

(Rs Million)	Revenue per branch	Outstanding advances per branch	Retail deposit per branch	CASA deposits per branch	Opex per branch	Total business per branch
AU SFB	77.3	465.2	212.8	111.2	22.3	678.0
Equitas SFB	42.0	195.7	133.4	65.2	15.4	329.1
Ujjivan SFB	54.2	252.1	108.6	46.9	21.4	360.7
Jana SFB	46.7	198.5	NA	35.5	17.9	198.5
Utkarsh SFB	30.9	147.3	58.1	23.8	9.8	205.4
ESAF SFB	32.0	147.7	159.1	31.6	11.4	306.8
Fincare SFB	17.0	65.5	NA	15.6	5.7	65.5
Capital SFB	**35.3**	**238.2**	**322.5**	**132.4**	**10.9**	**560.7**
Suryoday SFB	15.7	71.6	60.5	9.0	5.9	132.1

Note: For calculating total business per branch, advances + retail deposits have been used
Source: Company reports, CRISIL Research

Capital SFB has the highest retail deposits and total business per employee as well as 2nd highest outstanding advances per employee

Capital SFB has retail deposits worth Rs 31.60 million per employee which is the highest amongst the considered peer set as of fiscal 2021. It is also highest in terms of total business per employee with Rs 54.91 million. Capital SFB is 2nd highest in terms of income per employee with 3.5 million income per employee behind only ESAF SFB having Rs 5.3 million of revenue per employee divided amongst their 3,337 employees. It is 2nd in terms of outstanding advances per employee too with Rs 23.31 million advances per employee behind ESAF SFB with Rs 24.48 million per employee worth of advances.

Per employee comparison (FY21)

(Rs Million)	No. of employees	Income per employee	Outstanding advances per employee	Retail deposit per employee	Total business per employee
AU SFB	22,484	2.6	15.39	7.04	22.43
Equitas SFB	16,556	2.2	10.18	6.94	17.12
Ujjivan SFB	16,571	1.9	8.75	3.77	12.52
Jana SFB	16,212*	1.7	7.16	NA	7.16
Utkarsh SFB	10,361	1.7	7.93	3.13	11.06
ESAF SFB	3,337	5.3	24.48	26.36	50.84
Fincare SFB	8,850	1.6	5.99	NA	5.99
Capital SFB	**1,614**	**3.5**	**23.31**	**31.60**	**54.91**

(Rs Million)	No. of employees	Income per employee	Outstanding advances per employee	Retail deposit per employee	Total business per employee
Suryoday SFB	5,131	1.7	7.76	6.56	14.32

* *Jana SFB numbers are as of fiscal 2020.*
Source: Company reports, CRISIL Research

Product mix

Capital SFB has the most diversified portfolio among peers, with book size in multiple asset classes as of fiscal 2021. Most of the SFBs are pure MFI turned SFB, and hence still have a huge concentration in MFI products whereas Capital SFB has about 26% of portfolio concentration towards MSME whereas Agriculture accounts for 38% of portfolio and 22% of portfolio accounts for Mortgages and 14% accounts for consumer lending and NBFC lending.

Product mix of all SFBs and banks (as of end-fiscal 2021)

	Micro Finance	Vehicle/Auto Loans	Mortgage loans	MSME Finance	Large & mid-corporate loans	Gold loans	Agriculture	Others
AU SFB	-	37%	4%	46%	6%	-	-	7%
Equitas SFB	18%	25%	-	52%	4%	-	-	1%
Ujjivan SFB	72%	-	14%	8%	4%	-	-	2%
Utkarsh SFB	83%	-	3%	6%	6%	-	-	2%
ESAF SFB	85%	-	-	-	5%	-	-	10%
Fincare SFB[#]	80%	-	11%	-	-	5%	-	4%
Capital SFB	**-**	**-**	**22%**	**26%**	**-**	**-**	**38%**	**14%**
Suryoday SFB	70%	8%	11%	5%	-	-		6%

[#] *Data for the month of March 2020*
Source: Company reports, CRISIL Research

Capital SFB has focused more in rural and semi-urban areas

North east SFB has highest branch concentration towards Rural and Semi-urban areas followed by Capital SFB. Also, both the SFB's have very minimal presence/No presence in Metropolitan areas.

Region-wise functioning offices (FY21)

	Rural	Semi-urban	Urban	Metropolitan
AU SFB	12%	39%	27%	22%
Equitas SFB	10%	34%	33%	23%
Ujjivan SFB	21%	27%	30%	21%
Jana SFB	9%	14%	36%	42%
Utkarsh SFB	26%	39%	20%	15%
ESAF SFB	12%	59%	17%	12%
Fincare SFB	9%	57%	24%	10%
Capital SFB	43%	30%	21%	6%
Suryoday SFB	23%	36%	22%	19%
North East SFB	53%	37%	11%	0%

Source: RBI, CRISIL Research

Comparison of Capital SFB with private banks in India

Capital SFB has second highest growth in deposit in comparison with private sector banks

Capital SFB has 98% retail deposits, which is the second best amongst all private sector banks for whom data is available. Capital SFB, despite being an SFB has CASA ratio which is similar to some of the leading private sector banks like HDFC Bank, Axis Bank, ICICI Bank.

Private Players comparison

(Rs Billion)	Total Deposits	Growth in deposits (FY18-FY21)	CASA (%)	Retail Deposit (%)	Interest rate offered on Savings Account	Highest Interest rate offered on retail TD**
HDFC Bank	13,351	19%	46%	80%	3.0%	5.50%
ICICI Bank	9,325	18%	46%	NA	3.0%	5.50%
Axis Bank	7,073	16%	45%	85%	3.0%	5.75%

(Rs Billion)	Total Deposits	Growth in deposits (FY18-FY21)	CASA (%)	Retail Deposit (%)	Interest rate offered on Savings Account	Highest Interest rate offered on retail TD**
Kotak Mahindra Bank	2,789	13%	61%	91%	4.0%	5.25%
IndusInd Bank	2,562	19%	42%	NA	4.0%	6.00%
IDBI Bank	2,309	-2%	50%	88%	3.0%	5.40%
Federal Bank	1,726	16%	34%	90%	1.5%	5.60%
Jammu & Kashmir Bank	1,081	11%	57%	NA	2.9%	5.30%
IDFC First Bank	827	20%	55%	77%	4.5%	5.25%
South Indian Bank	827	5%	30%	94%	2.8%	5.65%
Bandhan Bank	780	32%	43%	79%	4.0%	5.50%
Karnataka Bank	757	6%	31%	100%	2.8%	5.60%
RBL Bank	731	19%	32%	37%	5.8%	6.30%
Karur Vysya Bank	633	4%	34%	NA	2.5%	6.00%
City Union Bank	445	11%	29%	0%	3.5%	5.25%
DCB Bank	297	7%	23%	83%	4.0%	5.95%
CSB Bank	191	9%	32%	0%	2.1%	5.75%
Nainital Bank	74	0%	38%	NA	3.0%	6.35%
Capital SFB	**52**	**22%**	**40%**	**98%**	**3.5%**	**6.25%**

***Highest rate of interest on TD is considered for all time periods*
Source: Company reports, CRISIL Research

In comparison with private players, Capital SFB has second best GNPA levels and best levels of write-off as a % of loan book

In fiscal 2021, HDFC bank has lowest GNPA of 1.3% followed by Capital SFB which has GNPA of 2.1%. Also, Capital SFB has very low write-offs in fiscal 2021 which is 0.00% of loan book, the lowest compared to all the private sectors banks.

NPA and corporate exposure of Private players

(Rs Billion)	Corporate exposure as % of Advances	GNPA (%)	Write-offs as a % of loan book
Axis Bank	35%	3.7%	1.9%
Bandhan Bank	NA	6.8%	2.3%
City Union Bank	NA	5.1%	1.1%
CSB Bank	25%	2.7%	0.8%
DCB Bank	11%	4.1%	0.5%
Federal Bank	37%	3.4%	NA
HDFC Bank	NA	1.3%	0.8%
ICICI Bank	NA	5.3%	1.3%
IDBI Bank	48%	22.4%	0.6%
IDFC First Bank	34%	4.2%	2.7%
IndusInd Bank	NA	2.7%	1.9%
Jammu & Kashmir Bank	33%	9.7%	2.4%
Karnataka Bank	47%	4.9%	2.2%
Karur Vysya Bank	25%	7.8%	1.2%
Kotak Mahindra Bank	23%	3.3%	0.3%
Nainital Bank	NA	16.2%	0.2%
RBL Bank	41%	4.3%	2.9%
South Indian Bank	25%	7.0%	1.9%
Capital SFB	NA	2.1%	0.00%

Source: Company reports, CRISIL Research

As per the CRISIL Research analysis, it seems that the SFBs already having experience with the products across asset and liability side are better off in comparison to others on account of accumulated knowledge, systems and can going ahead focus on expansion with removal of geographical barriers.

List of formulae

Parameters	Formula
RoA	Profit after tax / average of total assets on book
RoE	Profit after tax / average net worth
NIM	(Interest income – interest paid) / average of total earning assets on book
Cost to income	Operating expenses / (net interest income + other income)
Cost of funds	The ratio of interest expended to Average Total Interest-Bearing Liabilities
Yield on advances	Interest earned / (average of loans and advances at year end)
Gross spread	Yield in advances – Cost of funds

Parameters	Formula
Non-interest income	(Total income – interest income)/ average of total assets on book
PPOP	Total Income – Interest Expense – Operating expense
Credit cost	Provisions / average of total assets on book
Credit to Deposit Ratio	Advances / Deposit
Return on AUM	Net profit / Average AUM
Fee income to Total asset	Fee Income / Average total assets
Slippage Ratio	Additions to Gross NPAs during the year / advances of previous year (at beginning of the year)

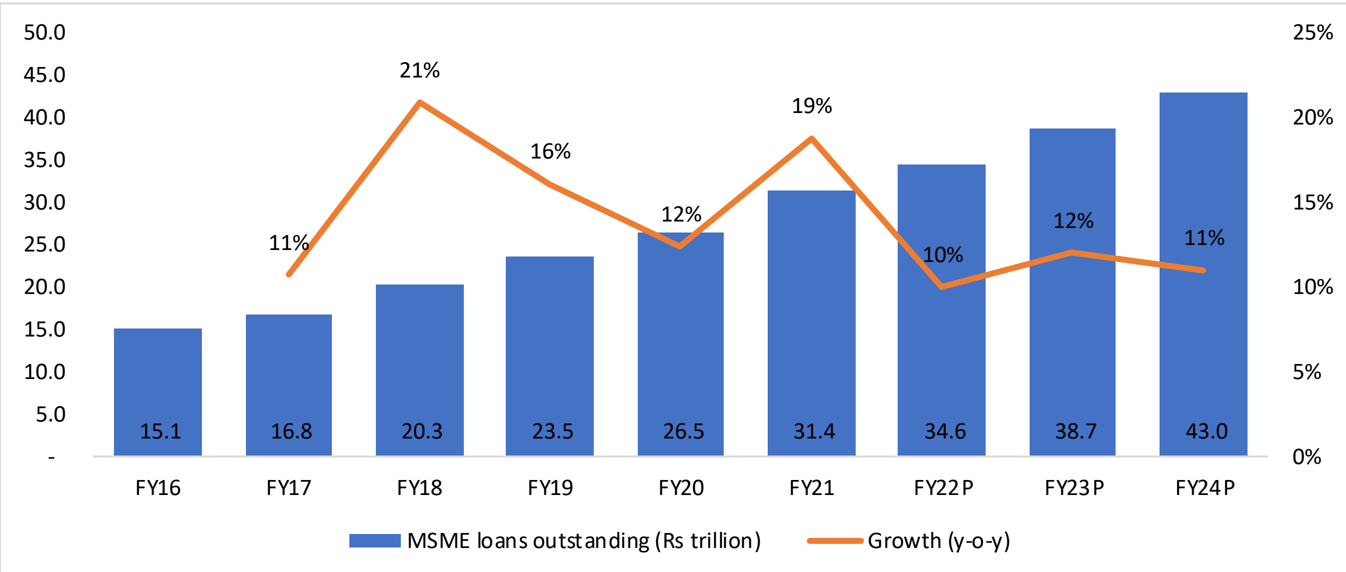
MSME Finance

MSME loans witnessed a reasonable growth in the past

MSME loans grew at a fast pace, registering a CAGR of 16% over Fiscals 2016 and 2021. However, in Fiscals 2019 and 2020, the growth was relatively muted due to the NBFC liquidity crisis as well as a cautious stance being taken when lending to MSMEs due to slower economic growth. In Fiscal 2021, the nationwide lockdown to contain the spread of the pandemic disrupted economic activity, hit production facilities, impacted working capital needs and supply chains along with future investments and expansions.

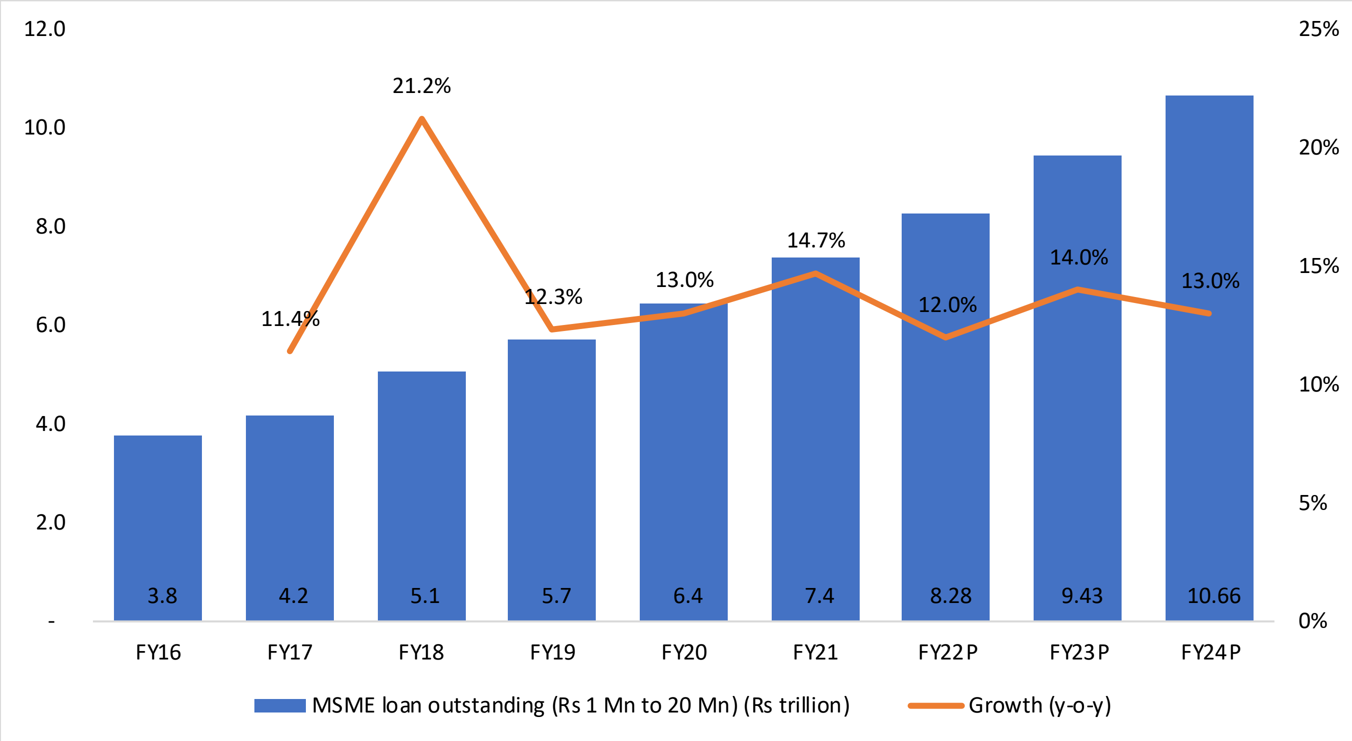
In fiscal 2021, the MSME loans recorded 19% growth on year, largely on the back of the support extended to MSMEs under the ECLGS scheme. Going forward, CRISIL Research expects the MSME portfolio to grow at 10-12% CAGR over Fiscals 2021 and 2024, aided by recovery in economic activity and economic growth which will lead to more demand of credit which will result in increasing penetration of such loans, enhanced availability of data making it easier to underwrite such loans, enhanced use of technology, newer players entering the segment and continued Government support.

MSME Loans to grow at 10-12% CAGR over Fiscals 2021 and 2024



Note: P: Projected
Source: CRIF Highmark, CRISIL Research
Low ticket MSME loans are expected to grow at a faster pace than overall MSME loans in the build up to recovery post the pandemic and higher requirement from this segment. The low ticket MSME loans (between Rs 1 Mn to Rs 20 Mn) are expected to grow in between 12-14% in the next three years and are expected to cross Rs 10 trillion worth of loans outstanding in FY24.

MSME (ticket size From Rs 1Mn to Rs 20 Mn) to grow at a faster 12-14% CAGR over fiscal 2021-24

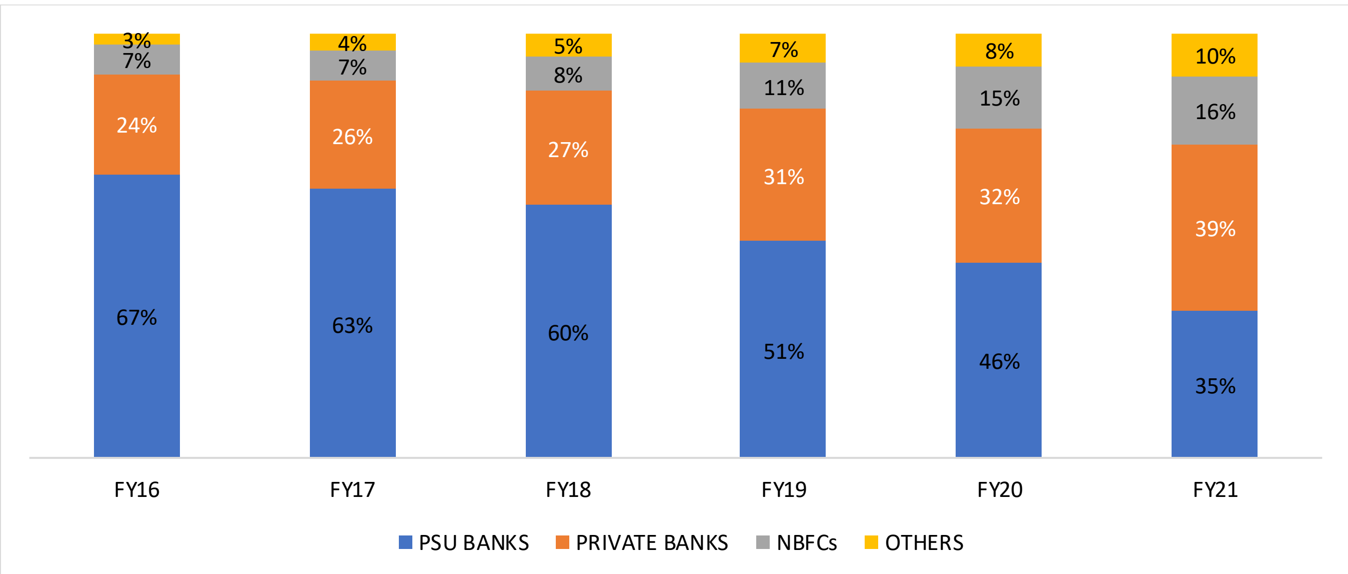


Note: E: Estimated and P: Projected
Source: CRIF Highmark, CRISIL Research

Private Banks, SFBs and NBFCs increasing their presence in the MSME (ticket size up from Rs.1 Mn to Rs. 20 Mn) segment

With higher focus on this segment, private sector banks, along with SFBs and NBFCs have managed to carve out a strong presence in small business loans due to their focus on serving the needs of the customer segment, faster turnaround time, customer service provided and expansion in geographic reach. Over the years, the MSME portfolio of these entities (ticket size up to 20 million) have grown at a faster rate than the overall MSME portfolio at a systemic level. Private banks including SFBs have improved their share from 24% as on Mar-16 to 39% as on Mar-21. They have wrestled share from PSU banks which had only 35% share as on Mar-21 as against 67% in Mar-16.

Private Banks along with SFBs account for highest share in MSME credit



Note: Data for SFBs is included in private players
Source: CRIF Highmark, CRISIL Research

MSME Credit gap estimated at Rs 79 trillion; Covid-19 has further widened the credit gap

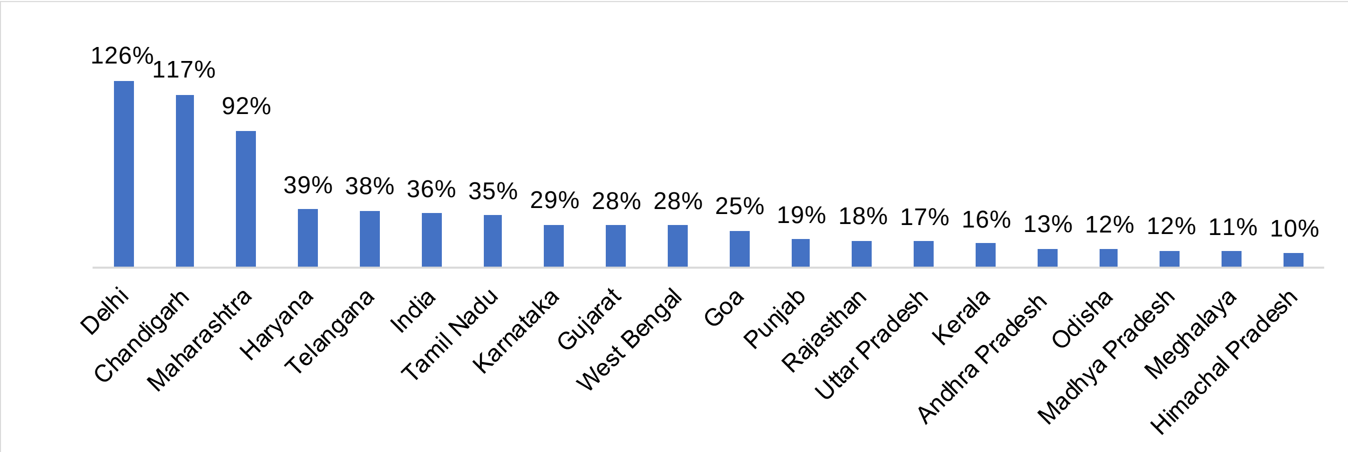
An IFC report titled Financing India's MSMEs (November 2018) estimated the MSME credit demand at Rs 69.3 trillion in fiscal 2017, of which only ~16% of demand met through formal financing[1] and consequently, the MSME credit gap *(defined as the gap between the demand for funds amongst MSMEs and the supply from formal financiers)* was estimated at Rs 58.4 trillion. This gap was met through informal sources.

The credit gap is estimated to have further widened over the last 4 years due to slower economic growth in fiscal 2020, followed by the Covid-19 pandemic in fiscal 2021. Assuming an increase of around 8% annually[2] in the demand for credit and the availability of credit from formal sources, the credit gap was estimated to have further increased to Rs 79 trillion as of fiscal 2021.

Though the credit available has increased, new MSME units continue to be set up across the country which is expected to keep the demand of credit stronger.

Credit penetration for MSME loans is low in most of the states across the country as compared to the all-India average as it is skewed by some well penetrated states and union territories like Delhi, Chandigarh, and Maharashtra etc. The northern states of Punjab and Rajasthan have lower credit penetration of 19% and 18% respectively in comparison to all-India credit penetration level of 36% indicating significant scope of improvement.

State-wise MSME Credit penetration (March 2020)



Note: MSME penetration = MSME outstanding/GSDP
Source: CRIF Highmark, CRISIL Research

Segment profitability and asset quality (From 1 Mn to 20 Mn)

Asset quality deteriorated by 10 bps post moratorium in fiscal 2021

GNPAs in MSME between Rs. 1 million to 20 million has increased from 3.6% in fiscal 2016 to 4.0% in fiscal 2021. Capital SFB which primarily operates in this segment, on the other hand, had superior asset quality with GNPA of 2.08%.

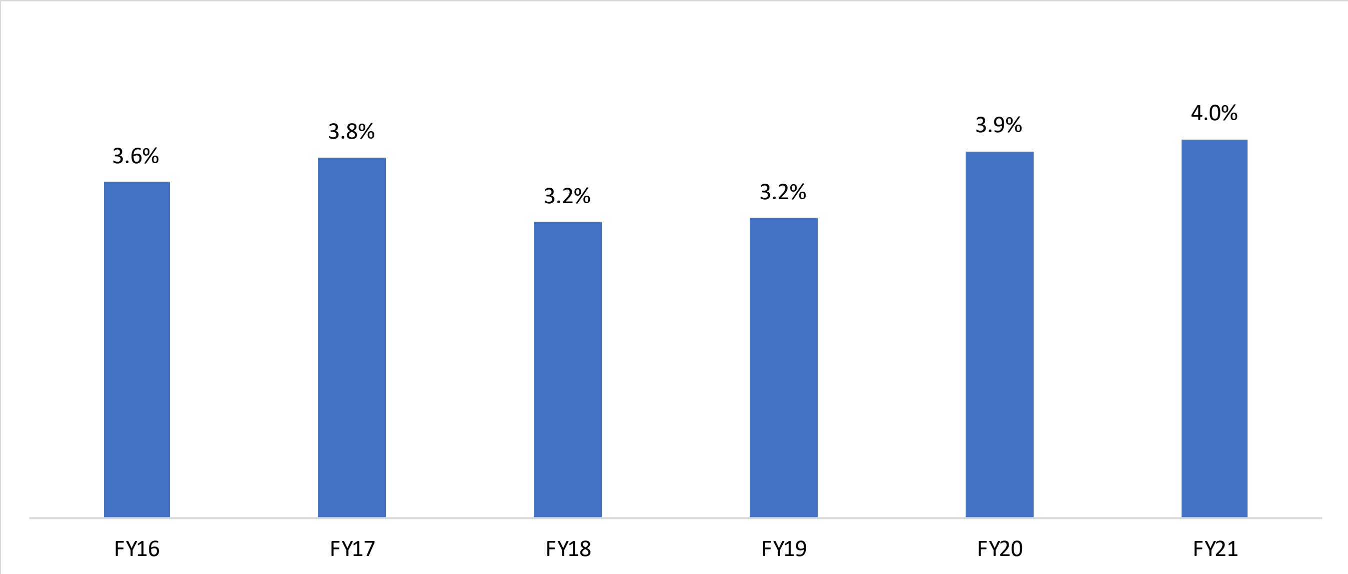
Going forward, CRISIL Research expects asset quality for unsecured MSME to remain under pressure while secured MSME is expected to witness a marginal impact in fiscal 2022.

---

1 Formal sources include Public sector banks, Private sector banks, Foreign banks, Regional rural banks (RRBs), Urban Cooperative Banks (UCBs), NBFCs, and government institutions including SIDBI and State Finance Corporations (SFCs).

2 Based on MSME credit growth over fiscal 2017-21

GNPA trend in MSME loans between ticket size Rs 1 Mn to Rs 20 Mn

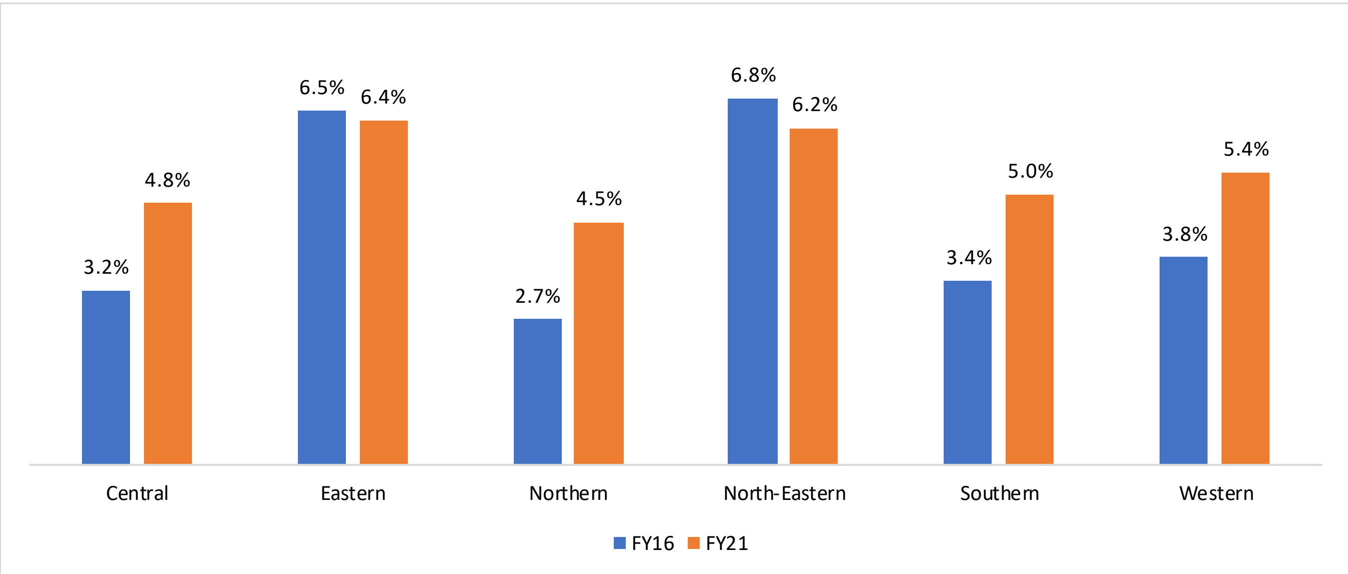


Source: CRIF Highmark, CRISIL Research

North region has lowest GNPA levels whereas Eastern region has highest GNPA levels

North region has lowest GNPA level as compared to other regions as of fiscal 2016 as well as 2021. Thus, Capital SFB which operates primarily in the northern region has benefited from the same.

Region wise GNPA



Source: CRIF Highmark, CRISIL Research

Profitability of MSME loans to take a hit due to higher credit cost

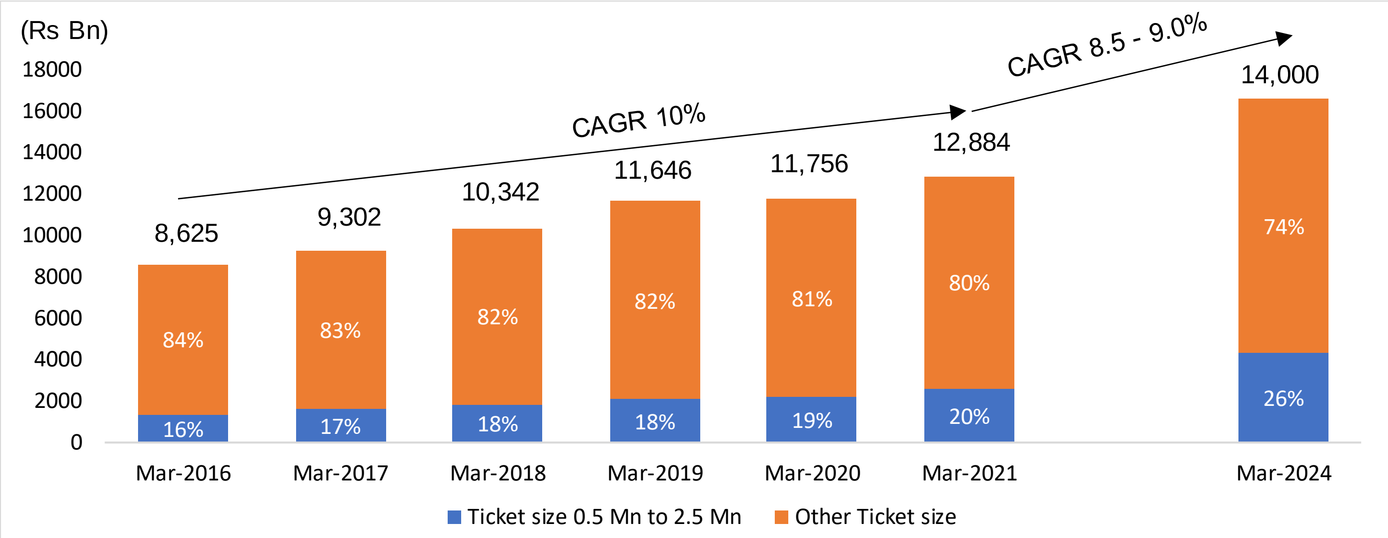
With a reduction in risk premiums in the MSME segment, the net interest margins (NIMs) had contracted in fiscal 2021. With businesses getting impacted due to the pandemic, the asset quality too deteriorated which led to higher credit costs. Operational expenses have remained relatively higher due to slower business growth and high contribution of DSAs in originating business for Banks and NBFCs till the end of fiscal 2021. Going forward, in fiscal 2022, a decline in operating expenses (opex), as well as the expected improvement in asset quality on account of the economy opening up could offset the impact of lower NIMs on profitability. With increasing data availability and improvement in the efficacy of the credit assessment process of MSME lenders (Banks and NBFCs), CRISIL Research expects that ability of the financier to keep credit cost under control will remain a key monitorable.

Agriculture loans

Agri-credit to grow at a healthy pace of ~8.5-9% CAGR up to fiscal 2024 based on higher Agri-credit target of 10% y-o-y

Notwithstanding the impact of the pandemic, agriculture and allied sectors (on the back of normal monsoon) supported the robust revival of Credit to agriculture in FY21. Agriculture -Credit is estimated to have grown by ~10% for fiscal 2021. CRISIL Research expects Agriculture-credit to grow at CAGR of 8.5-9% from fiscal 2021 to fiscals 2024.

Growth of Agriculture credit over the years



Note: E: Estimated, P: Projected
Source: RBI, CRISIL Research

States like Punjab, Uttar Pradesh, Haryana and Rajasthan accounts for 23% of overall Agriculture credit (Overall Agriculture Loans)

In terms of Agriculture produce, Punjab, Uttar Pradesh, Haryana and Rajasthan accounts for 35% of India's total agriculture produce. however, these states contribute only 23% in terms of Agriculture credit. This indicates the higher scope of credit penetration in this region which is currently not proportionate to the produce. Uttar Pradesh which contributes about 24% of overall Agriculture production in India, has an agriculture credit share of only about 9%.

Segment asset quality

GNPA levels across the banks are rising and are estimated to be ~4.3% for private sector banks and ~13% for PSBs in fiscal 2021 after having increased in the past 3 years as well. Private sector banks on account of selective lending have been able to keep it lower in comparison to the PSBs.

With banks being the largest and most trusted segment amongst the farmers, dominance of RRBs and local area banks in the rural region across some areas, the acquaintance on being present on the ground in some regions and through the grass roots organisations in others, banks are estimated to remain a dominant segment in this sector. Additionally, the transmission of various government schemes through banks will further keep the relationship with farmers constant and hence will dominate non-banks in this segment.

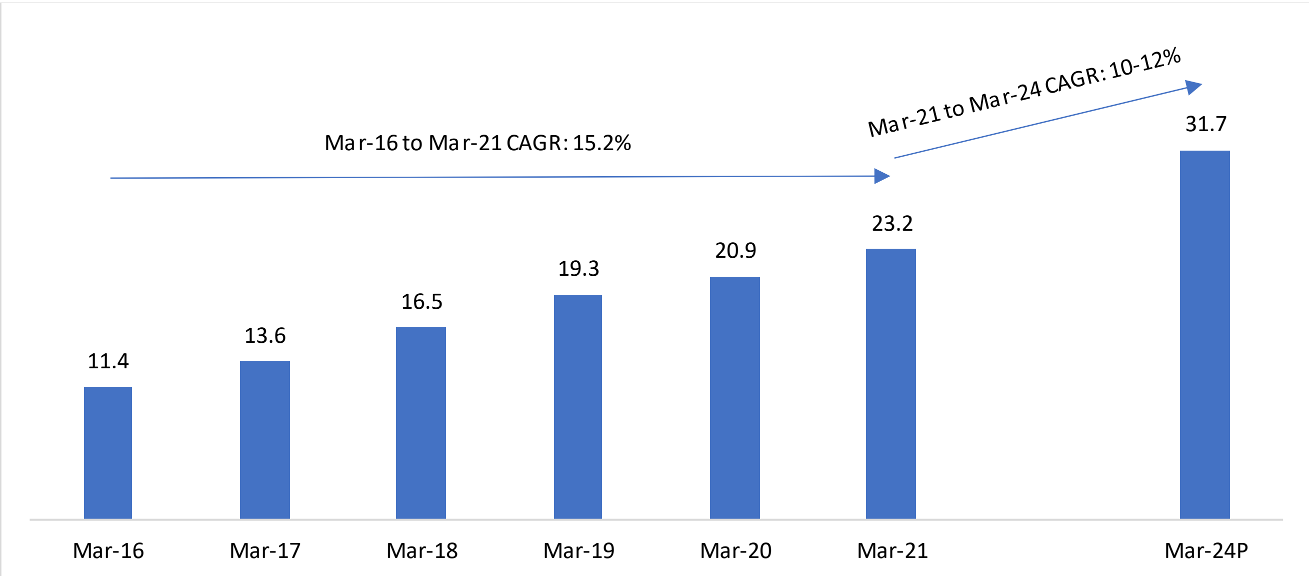
Housing loans (ticket size - 0.5 to 5 million)

Indian housing finance market

The Indian housing finance market clocked a healthy ~15% CAGR (growth in loans outstanding) over fiscals 2016-2021 on account of a rise in disposable income, healthy demand and a greater number of players entering the segment. Even after the outbreak of covid-19 pandemic in the first half of fiscal 2021 and large-scale migration of labour back to their hometowns/villages and subsequent uncertainty with regard to project execution, there was a faster than envisaged revival in the third and fourth quarters, with the RBI, along with the Centre and state governments.

In fiscal 2021, thus, homes loan outstanding (banks and non-banks) grew by 11% on-year. Going forward, CRISIL Research, thus expects the home loans market to clock 10-12% CAGR in the next three years.

Home loan segment to witness 10-12% growth in credit outstanding (Rs trillion)



Note: P: Projected
Source: CRIF Highmark, CRISIL Research

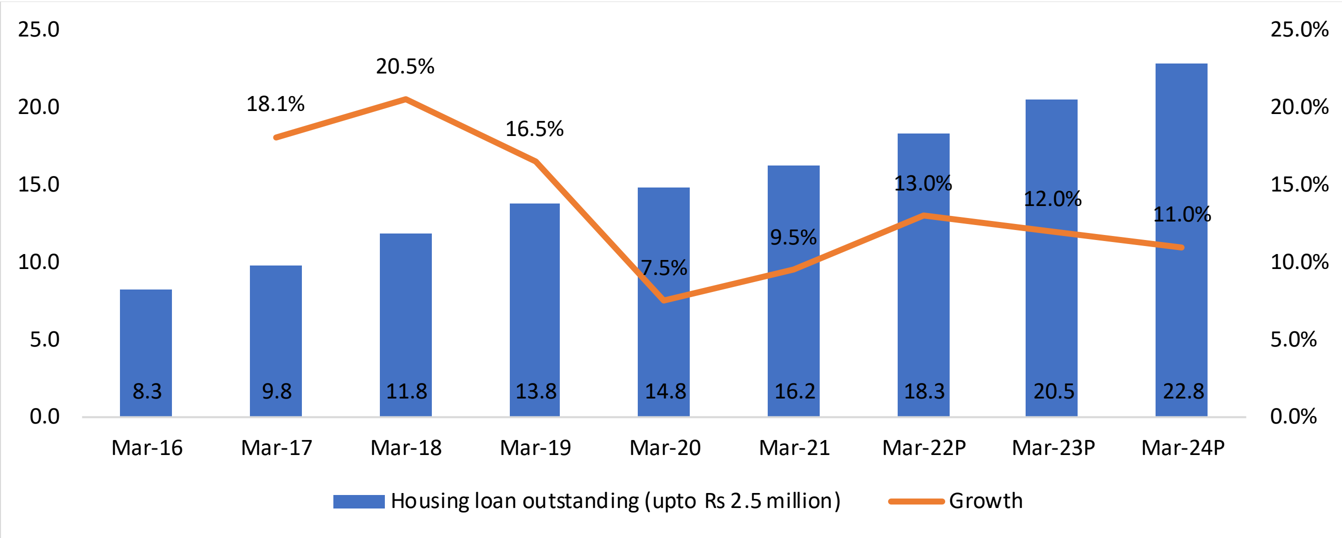
In the last two years, growth in the housing finance market was spurred by the medium ticket size segment of Rs 2.5-10 million, which witnessed increased housing project launches.

Housing finance (loans with ticket size between Rs 0.5 to 5 million) sector witnessing encouraging trends; to grow by 11-13% up to fiscal 2024

Housing loans (0.5 to 5 million) logged a CAGR of ~14% during fiscals 2016-2021. This was largely because of the government's increased focus on the housing loans (up to Rs. 5.0 mn) segment.

CRISIL Research estimates the overall housing loans outstanding (Rs 0.5 to 5 mn) in longer term to bounce back sharply and grow at ~11-13% CAGR over FY21-24

Housing loan growth (Rs 0.5 to 5 mn) to accelerate from fiscal 2022

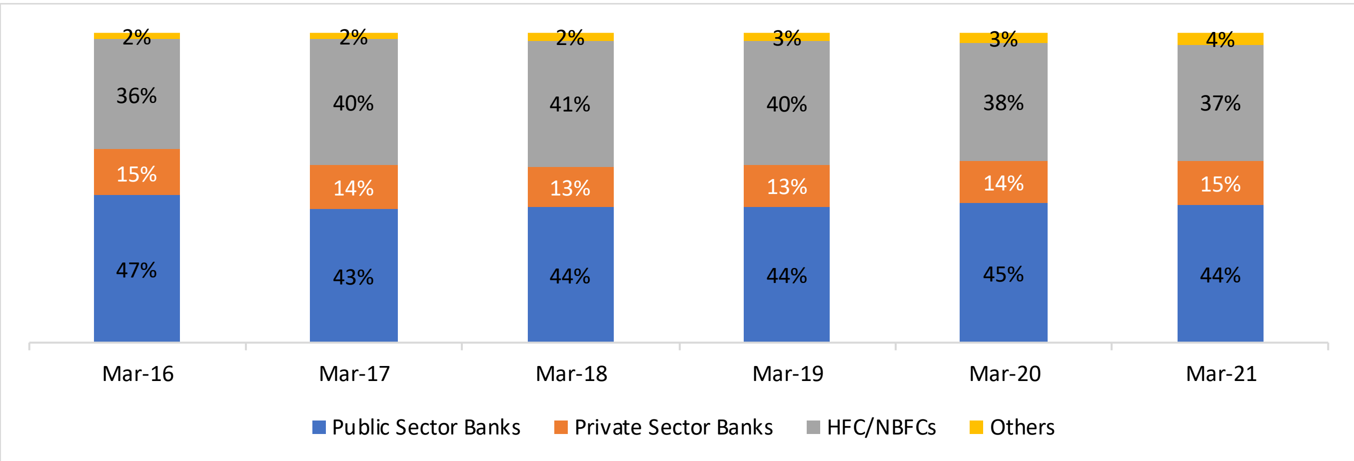


Note: P- Projected
Source: CRIF Highmark, CRISIL Research

Banks to gain market share in housing finance (0.5 to 5 mn)

Currently Public sector banks have the highest share (44%) amongst various player groups, followed by HFCs and NBFCs (37%). However, CRISIL Research expect banks especially private banks and SFBs to grow at a faster pace vis-à-vis HFCs in housing loans (Rs 0.5 to 5 mn), given their advantage in terms of cost of funds and base of deposit accounts.

Banks to continue to increase their foothold in this segment



Note: Others include Foreign Banks, SFBs, and Others
Source: CRIF Highmark, CRISIL Research

Key factors contributing to high competitiveness of SFBs in housing loans (Rs. 0.5 to 5 mn) will be:

- **Clear understanding of target market:** Given the target borrower's profile, players need to have a clear and deeper understanding of micro markets and develop a strong local network. The strong network helps players to source business from niche customer category by having references from their existing customers. It is observed that successful players in the segment generally focus on a few geographies where they have a good understanding and scale up gradually to manage costs and asset quality better.

- **Collection Efficiency:** Given that players in the segment typically cater to the lower income customer segment, many of whom may not be financially literate, a strong focus and understanding of SFBs on collections and monitoring risk of default at customer level will help them to keep asset quality under check.

- Access to public deposits for the SFBs gives it a pricing advantage due to lower cost of funds as compared to HFCs

The Southern and Western regions account for 36% and 30% respectively of the outstanding loans between Rs 0.5 to 5 million with balance being accounted for by Northern region (14%), Central region (12%), Eastern region (7%) and North Eastern region (1%). Thus, there remains adequate opportunity across player groups to penetrate further in the more populous central and northern regions and expand the share in overall loans outstanding between Rs 0.5 to 5 million.

Within India, the mortgage to GDP levels of some states like Punjab, Bihar, Rajasthan Delhi etc. is lower as compared to all India levels and hence there is significant scope of mortgage lending to increase across these regions.

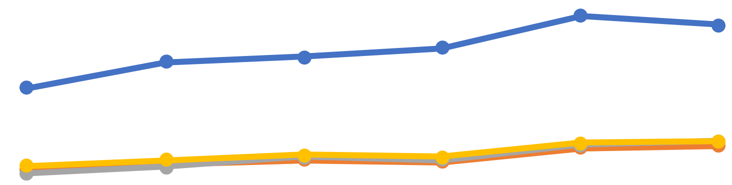
Profitability in Affordable Housing segment

In the housing segment (up to Rs 5 million), yield on advances and cost of borrowings is estimated to have declined by ~40-45 bps and ~60-75 bps in fiscal 2021. Higher decline in costs is attributed to lenders raising more funds at a lower interest rate which is estimated to have supported the financiers in maintaining healthy spread. However, keeping credit costs and asset quality under check owing to outbreak of covid-19 will remain a key monitorable in the segment to maintain profitability as low income or middle-income customers are severely impacted due to the economic slowdown.

Asset quality to improve across player groups in the long term

GNPA levels are higher in the lower ticket size loans on account of the riskier segment being catered to. Going forward, it is expected that the GNPA levels in home loans segment below ticket size of Rs 5 million are going to decrease on account of higher levels of financial inclusion, leading to better appraisal basis past income especially in the semi urban and rural areas.

Trend of GNPA in housing finance across various ticket size groups



	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Loans with ticket size less than Rs 0.5 million	5.4%	6.8%	7.1%	7.6%	9.3%	8.8%
Loans with ticket size between Rs 0.5 to 5 million	1.1%	1.4%	1.7%	1.6%	2.3%	2.4%
Loans with ticket size greater than Rs 5 million	0.9%	1.3%	1.8%	1.6%	2.4%	2.7%
Overall housing finance	1.3%	1.6%	1.9%	1.8%	2.5%	2.6%

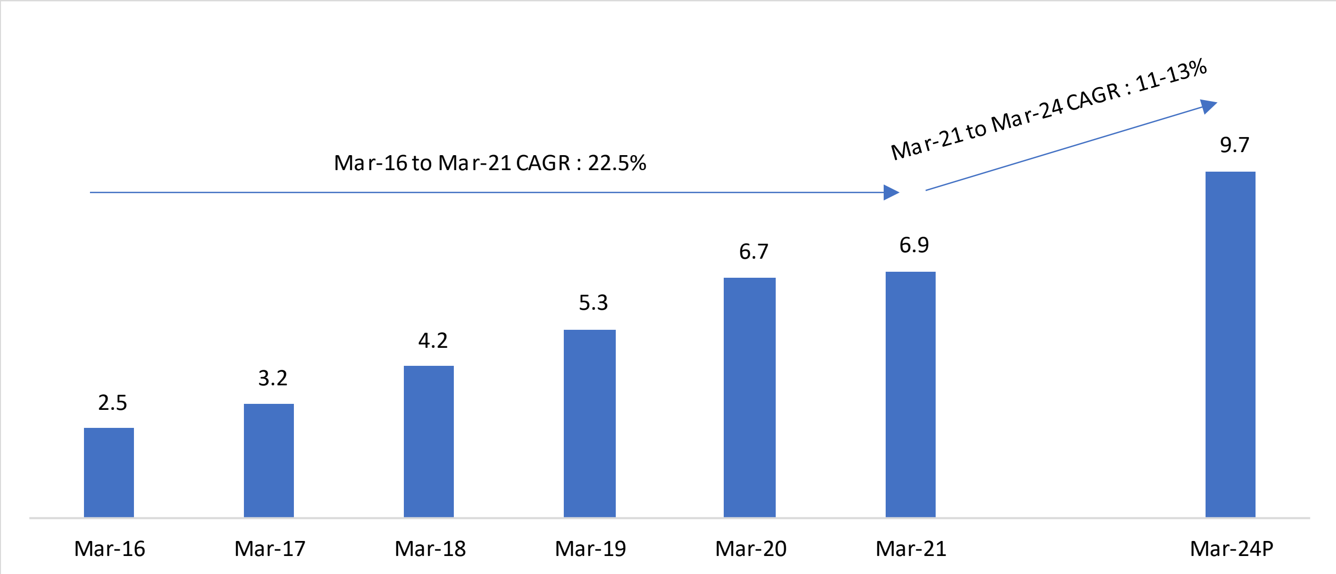
Source: CRIF Highmark, CRISIL Research

Loan against property (ticket size between Rs 0.5 to 5 mn)

Overall LAP segment advances growth to slow in fiscal 2021

LAP clocked a CAGR of ~22.5% between fiscals 2016 and 2021, driven by rising penetration of formal channels and higher comfort for the lenders to lend. However, the growth slowed to ~3% in fiscal 2021 in the wake of the liquidity crisis and increasing asset quality concerns due to the pandemic. Faster growth is expected thereafter, resulting in a CAGR of 11-13% until Fiscal 2024.

Overall LAP advances are expected to grow over FY21-24 as impact of Covid-19 wanes out (Rs trillion)



Note: P: Projected
Source: CRIF Highmark, CRISIL Research

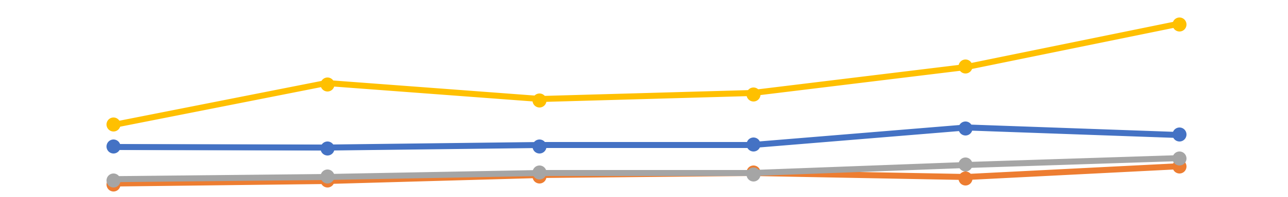
In the past, lower ticket size LAP (ticket size between Rs 0.5 to 5 million) have witnessed a faster growth of ~25% between fiscal 2016 and fiscal 2021. CRISIL Research expects low ticket sized LAP credit to grow at a faster rate as has been seen in the past as well, leading to a CAGR of 15-17% between fiscal 2021 and fiscal 2024.

The Southern and Western regions account for 37% and 27% respectively of the outstanding LAP between Rs 0.5 to 5 million with balance being accounted for by Northern region (20%), Central region (12%), Eastern region (3%) and North Eastern region (1%). Thus, there remains adequate opportunity across player groups to penetrate further in the more populous central and northern regions and expand the share in overall loans outstanding between Rs 0.5 to 5 million.

Asset Quality

Asset quality in the segment deteriorated in fiscal 2020 on account of portfolio seasoning, slower growth and impact from liquidity crisis. With portfolio getting restructured, GNPA has hovered to 5.5% in fiscal 2021. In the long run, however, better availability of borrower data with GST implementation will help lenders assess borrower's profile (in terms of business sales and cash flow) and control NPAs.

Selective lending from private banks have helped them maintain their asset quality



	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
PSBs	4.4%	4.3%	4.5%	4.6%	6.2%	5.5%
Private sector banks	1.0%	1.3%	1.8%	2.0%	1.6%	2.6%
HFCs/NBFCs	1.4%	1.7%	2.0%	1.9%	2.8%	3.4%
Others	6.4%	10.2%	8.8%	9.3%	11.8%	15.7%

Source: CRIF Highmark, CRISIL Research

Profitability in LAP segment

In fiscal 2021, NIMs have increased on account of declining interest rates which were not passed completely to the borrowers in wake of rising asset quality concerns. In fiscal 2022, CRISIL Research expects NIMs to decline as interest rates are expected to bottom out and gradually move upwards. RoA is still expected to remain under pressure owing to decline in NIMs and increasing credit cost resulting from slippages in the restructured book.

OUR BUSINESS

To obtain a complete understanding of our Bank, prospective investors should read this section in conjunction with "Risk Factors", "Industry Overview", "Selected Statistical Information", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 24, 112, 208, 225 and 295, respectively.

The industry and market data used in this section has been derived from the CRISIL Research Report prepared and released by CRISIL Research and commissioned by and paid for by us in connection with the Offer. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Research Report and included herein with respect to any particular year refers to such information for the relevant fiscal year.

Our Bank's fiscal year commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information included herein is derived from our Restated Financial Information included in this Draft Red Herring Prospectus. In this section, any reference to the "Bank", "we", "us" or "our" refers to our Bank, unless otherwise specified.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures and other statistical and operational information are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere.

The discussion below may contain forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth under "Risk Factors" on page 24 and those set forth elsewhere in this document.

Overview

We commenced operations as India's first small finance bank in 2016, and are among the leading SFBs in India in terms of asset quality, cost of funds, retail deposits and CASA deposits for Fiscal 2021. (*Source: CRISIL Research Report)*. We have the most diversified portfolio with sizeable book in multiple asset classes as compared to other SFBs with a highest proportion of secured lending of 99% as of Fiscal 2021 among the SFBs. *(Source: CRISIL Research Report).* We have the best asset quality among the SFBs represented by lowest GNPA and NNPA of 2.08% and 1.13% respectively as of Fiscal 2021. Further, we have the highest CASA ratio of 40% in Fiscal 2021 as compared with other SFBs and are amongst the top 10 banks *vis a vis* the private sector banks. *(Source: CRISIL Research Report).* We also have the highest retail deposits per branch of ₹322.50 million as of Fiscal 2021. *(Source: CRISIL Research Report)* and have the lowest cost of funds among the SFBs as of Fiscal 2021. *(Source: CRISIL Research Report).*

We have an experience of over two decades in the banking industry having operated as the largest local area bank prior to our conversion into a small finance bank. *(Source: CRISIL Research Report)* We are one out of the two non-NBFC microfinance entity to receive the SFB license in 2015 *(Source: CRISIL Research Report)*. Our core strategy is to build a robust retail focused banking franchise by enabling access to affordable credit in the states we operate with special emphasis on rural and semi-urban areas. We focus primarily on the middle-income customer segments i.e., customers with an average annual income of ₹0.4 million to ₹5 million. We target to be the primary banker to our customers and endeavour to achieve this objective through a mix of (i) suite of our product offerings; (ii) customer service orientation; (iii) deeply entrenched physical branch network; and (iv) evolving digital channels of service delivery.

We offer a range of banking products on the asset and liability side. Our asset products primarily include agriculture loans, MSME and trading loans (working capital, machinery loans etc.) and mortgages (housing loans). As of June 30, 2021, our total loan book was ₹ 36,808.49 million which comprised primarily of agriculture loans constituting 36.88%, MSME and trading loans constituting 26.08% and mortgage loans constituting 22.66% of our loan book which accounted for 85.62% of the total loan book as of June 30, 2021. As on June 30, 2021 and March 31, 2021, 99.44% and 99.39% of our loan book was secured with 86.02% and 86.24% of the loans secured by immovable properties. Further, we have strategically focused on building a granular loan book. Since Fiscal 2019, our loans with ticket size of less than ₹ 2.50 million have increased from 54.10% of our total loan book to 62.88% in Fiscal 2021 and stood at 64.77% as on June 30, 2021.

We have a strong deposit franchise with lowest cost of funds as compared to other SFBs for Fiscal 2021. Our background and learnings as a local area bank and our customer-oriented strategy and relationship-based approach has enabled us to garner a higher CASA and retail deposit without increasing the deposit rates as compared to our peers. Despite offering the lowest interest rate for savings account, we have the highest proportion of retail deposits at 98% *vis a vis* other SFBs. Further, we have the lowest concentration risk in terms of deposits. *(Source: CRISIL Research Report).* Our CASA deposits as on June 30, 2021 and March 31, 2021 were ₹ 22,194.46 million and ₹ 20,926.34 million representing a CASA ratio of 40.48% and 40.07%, respectively, which is the highest among the SFBs for Fiscal 2021 resulting in lowest cost of deposits among peers at 5.7%. *(Source: CRISIL Research Report).*

We also generate fee income from products and services such as forex and money transfer, remittances, safe-deposit lockers, distribution of life insurance and general insurance products, and other ancillary services. Our non-interest income has grown at a CAGR of 21% from ₹ 313.07 million in Fiscal 2019 to ₹ 458.58 million in Fiscal 2021.

We operate on a branch-based model. Headquartered in Jalandhar, Punjab, we have over the years expanded our SFB operations strategically in the north Indian states of Punjab, Haryana, Rajasthan and Delhi where we offer our banking services in a contiguous manner. We have the highest branch network in the state of Punjab as compared to any other SFBs and fourth largest when compared with the private sector banks. *(Source: CRISIL Research Report).* As of June 30, 2021, we were present in four States with 159 branches and 161 ATMs with 74% of our branches located in rural and semi-urban areas covering 19 districts and 77.35% of our total customers (both credit and deposit).

We have a high quality asset portfolio which is testament of our strong underwriting skills, credit assessment efficient collections and risk management capabilities. We have the lowest gross and net NPA ratios among SFBs in India, as of March 31, 2021 *(Source: CRISIL Research Report)* and our gross NPA ratio of 2.1% is second best among the private sector banks *(Source: CRISIL Research Report).* We have the lowest write-offs among SFBs and private sector banks on account of large proportion of loan book being secured as well as our stringent risk assessment and credit underwriting *(Source: CRISIL Research Report)*. As of June 30, 2021 and March 31, 2021, our gross NPAs were ₹ 912.43 million and ₹ 782.43 million which accounted for 2.48% and 2.08% of our advances, while our net NPAs during the same periods were ₹ 525.89 million and ₹ 421.42 million which accounted for 1.44% and 1.13% of our advances respectively. Further, we have the lowest slippage ratio of 0.8% and the lowest credit cost of 0.30% among the SFBs for Fiscal 2021. *(Source: CRISIL Research Report).* We also ensure that we maintain adequate capital to navigate any external events. We maintain a CRAR of 21.12% (as against the statutory minimum of 15% required by RBI) and have a healthy capital position and balance sheet with a Tier I capital ratio of 14.59% and Tier II capital ratio of 6.53 % while our risk weighted asset stood at ₹ 30,595.85 million as on June 30, 2021.

We have leveraged our technological capabilities to increase the scale of digital interactions and digital transactions with our customers. Our digital transition has helped us to effect a wider outreach to our customers which resulted in 2.87 million digital transactions during Fiscal 2021, increasing from 1.49 million in Fiscal 2019. Further, the digital transactions share in non-cash transactions increased from 33.84% in Fiscal 2018 to 54.48% in Fiscal 2021 and was approximately 67.95% during the three months ended June 30, 2021.

One of our Promoters (also our Managing Director and Chief Executive Officer), Mr. Sarvjit Singh Samra, is a first-generation entrepreneur with over three decades of experience in the banking and financial services sector. Further, our Board is supported by an experienced and qualified management team which comprises individuals having diverse experience across the banking and financial services sector. Further, all our Key Managerial Personnel, excluding our Company Secretary and Compliance Officer, are associated with us since our days of local area bank.We are also backed by a number of institutional investors and financial institutions including SIDBI, PI Ventures LLP, OIJIF II, Amicus, ICICI Prudential and HDFC Life.

The following table sets forth certain information relating to our operations and financial performance in the period specified:

(In ₹ million)

Particulars	Fiscal 2019	Fiscal 2020	Fiscal 2021	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Number of Branches	129	150	158	150	159
Gross Advances	26,087.81	33,255.66	37,629.87	31,632.31	36,808.49
Deposits	36,672.58	44,466.23	52,210.70	46,869.22	54,829.03
Total business	**62,760.39**	**77,721.89**	**89,840.57**	**78,501.53**	**91,637.52**
Net interest income	1351.40	1726.23	1986.11	475.25	570.49
Profit after tax	194.14	253.82	407.84	68.00	121.83
Net worth	2,503.22	4,067.80	4,507.90	4,140.15	4,642.03
Key ratios (%)					

Particulars	Fiscal 2019	Fiscal 2020	Fiscal 2021	For the three months ended June 30, 2020	For the three months ended June 30, 2021
CASA(1)	38.39	36.31	40.07	37.21	40.48
Retail deposit (% of total deposits)	94.33	93.00	97.60	94.24	96.86
Secured assets (% of loan book)	98.82	99.07	99.39	99.11	99.44
Interest spread(2)	5.60	5.47	5.58	5.52	5.84
Net interest margin(3)	3.58	3.52	3.40	3.48	3.55
Cost to income ratio(4)	79.41	75.77	70.75	72.10	66.79
Operating expenses as % to total average assets	3.50	3.33	2.96	2.95	2.83
GNPA	1.30	1.76	2.08	1.85	2.48
NNPA	0.93	1.25	1.13	1.27	1.44
CRAR	16.40	19.11	19.80	19.88	21.12
RoAA	0.51	0.52	0.70	0.50	0.76
RoE(5)	8.02	7.72	9.51	6.63	10.65
RoAUM(6)	0.92	0.89	1.23	0.86	1.34

(1) CASA includes outstanding balances of demand and saving deposit as at the end of the periods.
(2) Interest spread is yield on advances minus cost of deposits.
(3) Net interest margin is the difference of interest earned and interest expended divided by the average total assets
(4) Cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income
(5) RoE is ratio of profit after tax to average net worth. Average net worth is average of opening and closing balances of Capital plus reserves and surplus
(6) RoAUM is ratio of Profit after tax to average advances. Average advances is average of daily balances of advances

We are also committed to being a responsible 'corporate citizen' and focused on building a sustainable business model by integrating an ESG framework into our core business operations. Please refer to the section "- *Environmental, Social and Governance*" on page 160 for further details.

Our Strengths

Strong retail liability franchise with a high share of CASA

We have created a strong and retail centric deposit franchise with a high share of CASA deposits with CASA ratio increasing from 35.16% in Fiscal 2016 to 40.07% in Fiscal 2021. We had the second highest growth in deposits from Fiscal 2018 to Fiscal 2021 at 22% CAGR as compared with other private sector banks *(Source: CRISIL Research Report)*.

We believe that our experience of operating as a local area bank for over 16 years provides us a competitive edge with respect to our understanding on growing our deposit base. We have the fourth largest branch network in the state of Punjab when compared with the private sector banks. *(Source: CRISIL Research Report).* We believe that our holistic suite of banking products, deeply relationship-based banking approach, entrenched branch network, single window service, customer friendly practices and brand equity has aided strong and retail centric deposit profile. With our comprehensive suite of products of savings bank deposits, current deposits, term deposits, NRE and NRO deposits and tax saver deposits, we are able to cater to the diverse needs of our customers across our areas of operations. We believe that our strong brand equity associated with our name in our areas of operation has also aided the growth of our liability franchise coupled with our marketing efforts which have improved visibility of our brand. We focus on providing all banking product and services to the customers with emphasis on rural and semi-urban areas which allows us to penetrate deeper into the markets we cater. Further, we are the only SFB empanelled with the Food Civil Supplies and Consumer Affairs Department, Government of Punjab to act as nodal banker for processing the payment of procurement proceeds of food grains to the beneficiaries. According to the CRISIL Research Report, the availability of funds in the bank accounts of the beneficiaries will support growth in digital transactions.

As on March 31, 2021, we had the second highest proportion of CASA deposits at 40.07% vis a vis other SFBs resulting in lowest cost of funds among the SFBs for Fiscal 2021. *(Source: CRISIL Research Report)* which stood at 5.83% for this period. Subsequently, our cost of funds has reduced to 5.37% for the three months ended June 30, 2021. Further, our proportion of retail deposits at 98% is the highest vis a vis other SFBs and the second best as compared to that of private sector banks as at March 31, 2021. *(Source: CRISIL Research Report).* We believe that retail deposits have significant advantages including stability in deposit, greater customer retention, enhanced cross-selling opportunities in addition to supporting the low cost of funds. Our deposit rollover ratio has been consistently above 90% for the term deposits, including during the COVID-19 pandemic, which provides stability to our liquidity profile and demonstrates the continued trust of our customers on us.

We offer lowest interest rate on savings account as compared with the other small finance banks which brings our cost of deposits at lowest among other SFBs at 5.7%. *(Source: CRISIL Research Report)*. We have the lowest concentration risk in terms of deposits as top 20 depositors account for only 3.7% of our total depositors *(Source: CRISIL Research Report)*. Further, as of March 31, 2021, our share of per branch retail deposit is highest as compared to other small finance banks *(Source: CRISIL Research Report)* and our share of deposits in Punjab is 0.93% of the total deposits of commercial banks in the state which constituted 1.65% of incremental deposits of commercial banks in the state of Punjab from Fiscal 2018 to Fiscal 2021.

Secured and diversified advances portfolio

We have consciously focused on building a secured and granular loan book over the years with a focus on income generation. As on March 31, 2021, 99.39% of our loan book was secured with 86.24% of the loans were secured with immovable properties. As of Fiscal 2021, 99% of our AUM is secured which is the highest when compared to other SFBs. *(Source: CRISIL Research Report).* We have a well-diversified portfolio across products (agricultural, MSME and trading, mortgage lending and other products) which helps us to mitigate risk and optimise our resources. We focus on the middle-income group segment and aim to be the primary banker of our customers. With this endeavour, we offer a full suite of products and services on the asset and liability side to address our customer needs. The average ticket size of our agriculture, MSME & trading and mortgage lending products was ₹ 1.22 million, ₹ 2.02 million and ₹ 1.1 million as of March 31, 2021. The table below sets forth our gross advances by product category for the periods indicated:

Particulars	**As at March 31,**									
	2019		**2020**		**2021**		**Three months ended June 30, 2020**		**Three months ended June 30, 2021**	
	Advances (₹ in million)	**% of Total**	**Advances (₹ in million)**	**% of Total**	**Advances (₹ in million)**	**% of Total**	**Advances (₹ in million)**	**% of Total**	**Advances (₹ in million)**	**% of Total**
Agricultural and Allied Activities	9,856.36	37.78%	12,744.44	38.32%	14,232.11	37.82%	11,463.32	36.24%	13,576.07	36.88%
Advances to MSME and trading Sector	7,784.29	29.84%	8,895.12	26.75%	9,730.45	25.85%	8,660.79	27.38%	9,597.98	26.08%
Mortgage Loans	4,104.42	15.73%	6,396.88	19.24%	8,096.45	21.52%	6342.68	20.05%	8,339.01	22.66%
Others	4,342.74	16.65%	5,219.22	15.69	5,570.86	14.81%	5,165.52	16.33%	5,295.43	14.38%
Total Gross Advances	**26,087.81**	**100.00%**	**33,255.66**	**100.00%**	**37,629.87**	**100.00%**	**31,632.31**	**100.00%**	**36,808.49**	**100.00%**

Further, a well-diversified loan portfolio with strong focus on income generation, our continued focus on secured lending, continuous customer engagement and structured underwriting practices has contributed to our growth and superior asset quality as compared to other SFBs. Our asset quality is superior to all the player groups during Fiscal 2016 and Fiscal 2021 across all the major events (demonetisation, GST implementation, IL&FS crisis, COVID-19 pandemic) denoting better approval mechanism and strength of our asset franchise. *(Source: CRISIL Research Report)*. Despite the COVID-19 pandemic, our net NPA reduced to 1.13% in Fiscal 2021 as compared to 1.25% in Fiscal 2020. Our gross NPA is lowest among SFBs and second best among private sector banks for Fiscal 2021. *(Source: CRISIL Research Report).* Further, we have the most diversified portfolio among peers with reasonable book size across multiple asset classes. *(Source: CRISIL Research Report)*

Prior to 2016, we operated as a local area bank and were one of the two non- microfinance institutions who were granted the SFB license by RBI. Because of our background as a local area bank, we already existed in diversified segments which has resulted in us having lower systemic risks in comparison to the overall industry with high MFI base. We, along with one of our peers, had an existent franchise for other products as against microfinance and thus find it operationally less challenging to venture into the diversified products due to existent systems, processes, and technical know-how for these products. *(Source: CRISIL Research Report).*

The percentage of gross advances to clients up to 2.5 million has increased to 62.88% as on March 31, 2021 from 54.10% as on March 31, 2019. The table below presents the details of advances as at three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020 and 2019 respectively:

Loan exposure (In ₹ million)	As on March 31, 2019		As on March 31, 2020		As on March 31, 2021		As on June 30, 2020		As on June 30, 2021	
	Amount outstanding (In ₹ million)	**% of total advances)**	**Amount outstanding (In ₹ million)**	**% of total advances**	**Amount outstanding (In ₹ million)**	**% of total advances**	**Amount outstanding (In ₹ million)**	**% of total advances**	**Amount outstanding (In ₹ million)**	**% of total advances**
Up to 2.5	14,113.20	54.10%	19,774.69	59.46%	23,661.34	62.88%	18,612.95	58.84%	23,842.63	64.77%
Between 2.5 – 5	3,882.13	14.88%	4,678.41	14.07%	5,244.16	13.94%	4,135.75	13.07%	4,606.18	12.51%
Above 5	8,092.46	31.02%	8,802.56	26.47%	8,724.37	23.18%	8,883.61	28.08%	8,359.68	22.71%
Total	**26,087.81**	**100%**	**33,255.66**	**100%**	**37,629.87**	**100%**	**31,632.31**	**100%**	**36,808.49**	**100%**

Further, though the priority sector lending ("**PSL**") targets are prescribed by RBI, we have taken it as an added opportunity to contribute to the economic development in our areas of operation and serve the middle-income customer segments by fulfilling their credit requirements while also achieving the PSL targets. Our PSL advance increased at a CAGR of 19% from ₹ 18,214.03 million as on March 31, 2019 to ₹25,792.47 million as on March 31, 2021 and to ₹25,258.37 million as on June 30, 2021.

Robust credit assessment processes and risk management practices

Our credit assessment processes and risk management practices enables us to maintain good asset quality and low delinquencies. Our strategy of secured lending, primarily for productive purposes and conservative loan to value ratio contributes towards lower delinquencies and credit losses. Our positioning as the primary banker to most of our customers enables us to have a comprehensive view of and control over their cash flows contributing towards effective credit assessment. Our credit assessment involves multiple levels of independent review of information. We follow the principal of four eyes which involves a multi-level review of the credit exposures along with a well-defined matrix for credit assessment which is dependent on the risk profile of the borrower, including the mandatory checks of credit bureau verification, review of defaulters list and check on frauds. Further, we have a credit sanctioning committee which oversees the exposures of an amount involving 12.50 million or above. and a dedicated team to monitor the exposures granted by us. We follow a principle of secured lending which has resulted in improving our asset quality and lowering the NPA. As of March 31, 2021 our advances stood at ₹ 37,629.87 million, with 99.39% of it being secured loans with an average ticket size of ₹1.26 million.

Further, our dedicated customer relationship team maintains healthy engagement with our customers on an ongoing basis which has resulted in effective collection recoveries and consequently better asset quality despite the outbreak of COVID-19 pandemic. All of these measures have resulted in improving our asset quality and lowering the NPA. For example, our gross NPA and net NPA ratios were 2.08% and 1.13% respectively as on March 31, 2021, which is lowest amongst the other small finance banks for Fiscal 2021 *(Source: CRISIL Research Report)*. We have the lowest write-offs among SFBs and private sector banks *(Source: CRISIL Research Report)*. Further, we have the lowest slippage ratio of 0.8% and the lowest credit cost of 0.30% among the SFBs for Fiscal 2021. *(Source: CRISIL Research Report)*. Further, our collection efficiency was 98.43% as on March 31, 2021 which is nearing the pre-COVID levels. The Bank is maintaining a healthy loan loss provisions (provisions held for NPAs and standard asset provision as % to gross NPAs) of 68.48% as on March 31, 2021 and 65.80% as on June 30, 2021.

We have over two decades of banking experience, including 16 years as local area bank and have witnessed various cycles along the way. Our asset quality is superior to all the player groups across the time period across all the major events (demonetisation, GST implementation, IL&FS crisis, Covid-19 pandemic) denoting better credit underwriting mechanism and strength of our asset franchise *(Source: CRISIL Research Report)*. Therefore, our portfolio composition, asset creation, credit assessment and efficient recovery mechanism depict strong risk management based on credit assessment, secured loan book, continued focus on cash flow generation and collection efficiencies, which go a long way in creating a favourable asset quality.

Customer centric approach and deep understanding of target customers

We have gained a deep understanding of our market and customer base over the years that enables us to meet the financial requirements of our existing and potential customers. We believe customers prefer a single source for multiple financial services, and accordingly offer a range of credit and non-credit products and services to address a variety of financing requirements of the customer through our branch network. These practices helped us to achieve our endeavour of having primary banking relationship.

Our main focus is on providing our products and services to middle income segment customers in our areas of operations. We are a one-stop financial hub for our customers where we operate. As of March 31, 2021 and June 30, 2021, we had 578,716 and 596,469 customers respectively (both credit and deposit). Further, as of June 30, 2021, we had 159 branches and 161 ATMs with 74% our branches located in rural and semi-urban areas. As the majority of our customers are individuals from middle-income group segments, we have designed our products in a manner such that they are simple to understand, which we believe contributes to their popularity amongst customers. We believe in deep customer engagement at every stage through our relationship managers, personal bankers and retail bankers deployed at our branches. We strategically follow branch network driven business acquisition strategy which helps us to identify the customer needs effectively and respond with solutions.

We target customers across the sectors with special attention to rural and semi-urban centres because we believe that we not only run a socially responsible and sustainable business, but also that borrowers in these regions tend to have lower credit penetration. Further, in these markets, there is less competition, lower risk of customer migration (leading to longer, more loyal customer relationships), better credit behaviours and, in turn, lower delinquency rates. We also encourage local hiring to stay connected to our customers through personal and digital means and provide them seamless banking services. We believe that our track record of originating and servicing these loans, together with our extensive network of branches that cater to these customers, positions us favourably to compete in these segments and continue to grow our business.

Consistent track record of growth with constantly improving operational and profitability metrics

We commenced our operations as a small finance bank with effect from April 24, 2016. Our background as India's largest local area bank prior to the conversion helped us in understanding needs of our target customers but restricted our geographical outreach. Post conversion into an SFB, we have been able to expand our operations in newer and contiguous geographies which has enabled us to widen our customer base and resulted in improved operational and business metrics.

Since our conversion into an SFB, we have demonstrated consistent improvement in our financial metrics such as total advances growth, deposit growth, increasing C/D Ratio, improving cost to income ratio and profitability. Our total deposits as of three months ended June 30, 2021 and Fiscals ended March 31, 2021, 2020 and 2019 were ₹ 54,829.03 million, ₹ 52,210.70 million, ₹ 44,466.23 million, ₹ 36,672.58 million, respectively which have grown at a CAGR of 19.32% between Fiscal 2019 and Fiscal 2021. We had the second highest growth in deposits from Fiscal 2018 to Fiscal 2021 at 22% as compared with other private sector banks *(Source: CRISIL Research Report)*. Our CASA deposits as of three months ended June 30, 2021 and Fiscals ended March 31, 2021, 2020 and 2019 were ₹ 22,194.46 million, ₹ 20,926.34 million, ₹ 16,146.74 million, ₹ 14,078.36 million, respectively. Our credit to deposits ratio has also improved from 57.59 in Fiscal 2017 to 72.07 in Fiscal 2021.

Our efficiency ratios have also been continuously improving. Through our continued efforts, our opex as a percentage of average assets has declined from 3.50% to 2.96%, from fiscal 2019 to fiscal 2021. Our opex as a percentage of average assets and opex as a percentage of average advances are lowest among the SFBs for fiscal 2021 *(Source: CRISIL Research Report)*. Our Return on AUM and Return on equity stood at 1.23% and 9.51 % respectively for fiscal 2021 and the same stood at 1.34% and 10.65% respectively for June 30, 2021.

Further, our operating profit has grown at a CAGR of 44.44% from ₹342.77 million in Fiscal 2019 to ₹715.10 million in Fiscal 2021 and was ₹ 225.84 million as on June 30, 2021. Our profit before taxes for the year ended March 31, 2019 was ₹ 269.24 million which has grown to ₹ 537.37 million during the year ended March 31, 2021 and was ₹ 161.52 million for the three months ended June 30, 2021. Further, our profit after tax has grown from ₹ 194.14 million in Fiscal 2019 to ₹ 407.84 million in Fiscal 2021 and stood at ₹ 121.83 million for the three months ended June 30, 2021. We have also consistently maintained our net interest-margins and spreads at 3.40% and 5.58% respectively for Fiscal 2021 and 3.55% and 5.84% for the three months ended June 30, 2021, while reducing our overall cost. We are also the largest in terms of total business per employee and are second highest in terms of outstanding advances per employee amongst the SFBs in Fiscal 2021. *(Source: CRISIL Research Report).*

Our disbursements increased from ₹ 11,934.20 million for Fiscal 2019 to ₹ 13,450.77 million for Fiscal 2021. Further, our advances as of March 31, 2021, 2020 and 2019 and three months ended June 30, 2021, were ₹ 37,629.87 million, ₹ 33,255.66 million, ₹ 26,087.81 million and ₹ 36,808.49 million, respectively which grew at a CAGR of 20.10% between Fiscal 2019 and Fiscal 2021.

Our deposit products include savings bank deposits, current deposits and term deposits which stood at ₹ 18,853.68 million, ₹ 2,072.66 million and ₹ 31,284.36 million, respectively, as on March 31, 2021.

Further, our conversion to a small finance bank has also enhanced access to other forms of borrowings such as refinancing assistance from specialist refinance institutions, interbank borrowings and assignments. Our cost of funds and cost of deposits improved from 6.30% and 6.10% to 5.83% and 5.68% from March 31, 2020 to March 31, 2021. The same stood at 5.37% and 5.17% respectively for June 30, 2021. We have the lowest cost of funds among other SFBs *(Source: CRISIL Research Report).*

We have the highest deposit to loan book ratio and lowest proportion of advances to total assets as compare to other SFBs. *(Source: CRISIL Research Report)*. As of March 31, 2021 and June 30, 2021, our liquidity coverage ratio was 441.49% and 381.14% respectively, as against regulatory requirement of maintaining the liquidity coverage ratio of 100% with effect from January 1, 2021. We believe that the same positions us well to grow our business.

Professional and experienced leadership team backed by reputed shareholders with strong corporate governance

We are led by a qualified and experienced Board and senior management team comprising professionals, who have extensive knowledge and understanding of the financial services industry and have witnessed various business and interest rate cycles play-out. One of our Promoters (also our Managing Director and Chief Executive Officer), Sarvjit Singh Samra, has over three decades of experience in the domain of banking and financial services. He founded the bank in the year 2000 as a local area bank and since then grew it to become the largest 'local area bank' in India prior to our conversion into an SFB. Our Chief Operating Officer and Chief Financial Officer has over two decades of experience and has been instrumental in strategic decision making, corporate planning and constantly developing the finance functions of our Bank since our days of operations as a local area bank We also have a strong and experienced leadership team comprising of over 10 members. The diversity in our leadership team results in successful execution of a broad array of strategies, dealing with wide spectrum of products and services and seamless navigation of risks associated with the banking industry. For example, our Board and senior management team was able to navigate the disruptions caused due to the COVID-19 pandemic and demonetisation while ensuring business continuity and minimal impact on our business and operations. The senior management team is supported by a capable and talented pool of trained personnel at our head office and branches with extensive on ground local knowledge and connect.

Our Board of Directors consists of people with a diverse mix of experience in various sectors, in particular, the financial services industry. Our Board level committees, viz., the Audit Committee, the Risk Management Committee (that monitors the Asset Liability Committee), Nomination and Remuneration Committee, Stakeholders Relationship Committee, and the Corporate Social Responsibility Committee, work in tandem.

Our Shareholders include PI Ventures LLP, SIDBI, Amicus, OIJIF II, ICICI Prudential, HDFC Life who have shown faith in our operations and our Bank through investing in our Bank during the last four Fiscals. For details, see "*Capital Structure – Share Capital History of our Bank*" on page 75. We also maintain high standards of corporate governance as part of our operations.

We have been continuously awarded as 'India's Best Workplaces in banking, financial services and insurance space' by 'Great Place to Work' between Fiscal 2016 and Fiscal 2021. For details, see "*History and Certain Corporate Matters - Key awards, accreditations and recognitions received by our Bank"* on page 181. We have also instituted an employee stock option plan, being 'CSFB Limited Employee Stock Option Plan 2018' to reward the employees of our Bank, including our management and leadership team, for their performance and to motivate and incentivize them to contribute to the growth of our Bank. We believe that the plan incentivizes them to stay with us for the long term and contribute effectively.

Our Strategies

Continue to grow our loan book organically with focus on secured lending

We have established ourselves in the areas we operate and plan to expand our reach. We intend to undertake geographical expansion by not only penetrating our existing markets deeper by opening new branches in the home state of Punjab but also entering newer territories. According to the CRISIL Research Report, the northern region is well positioned to grow with aid from the financial institutions to further support the flourishing agriculture and industrial sector. Moreover, the deposit penetration in the northern region has maintained its share at 21% of the overall banking deposits as of Fiscal 2021 which is comparatively lower than Southern and Western regions. Accordingly, there is huge scope for further penetration in the northern, eastern, north-eastern, and central region across both credit and deposits. We will leverage our strong brand presence in Punjab and expand further in adjacent states of Haryana, Rajasthan and NCR. Our strategy to scale-up our operations is aimed at developing a deeply entrenched geographical presence which will put us in a position to service a larger market for credit and effectively grow our advances.

We have been able to successfully grow our loan book over the years which remains a key growth driver for us. Our advances as of June 30, 2021 and June 30, 2020 for agriculture, MSME and trading and mortgages segments were ₹ 13,576.07 million, ₹ 9,597.98 million and ₹ 8,339.01 million and ₹11,463.32 million, ₹8,660.79 million and ₹6,342.68 million and as of March 31, 2021 were ₹ 14,232.11 million, ₹ 9,730.45 million, ₹ 8,096.45 million respectively, with an average ticket size of ₹ 1.22 million, ₹ 2.02 million and ₹ 1.10 million as on March 31, 2021. We strive to maintain the growth momentum in our loan book with continued focus on these segments.

We also have the highest proportion of secured lending of 99% of our loan book as compared to other SFBs as of Fiscal 2021. *(Source: CRISIL Research Report).* The share of SFBs in deposits as well as credit has seen a steady rise over the years and is expected to reach 1% and 1.5% respectively by Fiscal 2024 from the current 0.6% and 1.0% in deposits and credits in Fiscal 2021. *(Source: CRISIL Research Report).* Moreover, owing to high deposits growth in Fiscal 2021, banks are well placed to support the credit growth. *(Source: CRISIL Research Report)*. Accordingly, we are well positioned to take advantage of the tailwinds and intend to continue to grow our portfolio with focus on secured lending which we believe will provide us a competitive edge over our competitors.

Further, according to the CRISIL Research Report, India is expected to see a dramatic rise in its middle-class population. Since we focus primarily on the middle-income customer segments, we believe that our full suite of products and services on the asset and liability side will provide us an opportunity to serve more customers in the middle-income segment that have limited or no access to formal banking channels, spread across rural and semi-urban areas. We also plan to enter into business partnerships in the states where we do not have strong presence currently to gain an understanding of the new markets we intend to penetrate. We believe that such partnerships will help us in mitigating the associated risks and will enable us to diversify our products and services as well as our geographical presence. We also intend to open targeted branches in urban/ metro areas in order to grow our business in these areas. While expanding our network of branches, we will continue to evaluate various market, credit parameters using time series analysis on credit growth, delinquencies, customer growth and also use publicly available metrics including household information, population, economic activities and deposit data. We believe that our use of data-based decisioning to open additional branches will offer us better returns and lower risk.

Focus on strengthening our operational and profitability metrics

Since our conversion into an SFB, we have invested in expanding our branch network which has in turn enabled us to grow our loan book. We have opened 111 branches since our conversion into an SFB. Our profitability and operational metrics have been on the rise as depicted from their upward trend. Our operating profit before provisions has grown at a CAGR of 44.44% from ₹342.77 million in Fiscal 2019 to ₹715.10 million in Fiscal 2021 and was ₹225.84 million during the quarter ended June 30, 2021. Our profit before taxes during the year ended March 31, 2019 was ₹ 269.24 million which has grown to ₹ 537.37 million as on March 31, 2021 and was ₹ 161.52 million during the quarter ended June 30, 2021. Further, our profit after tax has grown at a CAGR of 44.94% from ₹ 194.14 million in Fiscal 2019 to ₹ 407.84 million in Fiscal 2021 and stood at ₹ 121.83 million for the three months ended June 30, 2021. The return on AUM increased from 0.92% as on March 31, 2019 to 1.23% as on March 31, 2021 and to 1.34% for the three months ended June 30, 2021 and increase in return on equity from 8.02% as on March 31, 2019 to 9.51% as on March 31, 2021 and 10.65% for the three months ended June 30, 2021. We target to further improve these through the following key focus areas:

Improve credit to deposit ratio

As a local area bank, we were restricted in terms of our geographical outreach. Post our conversion into an SFB, we have focused on contiguous branch expansion across Punjab, Haryana, Delhi and Rajasthan. We believe that as we expand our geographical presence, we will be able to cater to a larger customer base. We will also continue to expand our loan book in the new locations with an objective to improve our credit to deposit ratio. In new geographies we use loan products as entry strategy which will further improve credit to deposit ratio. We have been consistently improving our credit to deposit ratio since our conversion into an SFB as detailed below:

Credit to Deposit Ratio (CDR)				
Fiscal 2017	**Fiscal 2018**	**Fiscal 2019**	**Fiscal 2020**	**Fiscal 2021**
57.59	65.01	71.14	74.79	72.07

We have built retail centric business model where advances are primarily funded by stable and low cost retail deposits and our proportion of deposits to total loan book stood at 138.7% as of Fiscal 2021 which is highest among the SFBs. *(Source: CRISIL Research Report)* which provides us with the opportunity to grow our advances and improve efficiency. As of March 31, 2021, and June 30, 2021, our liquidity coverage ratio was 441.49% and 381.14% respectively, as against regulatory requirement of maintaining the liquidity coverage ratio of 100%. We believe that the same positions us well to grow our loan book.

We also plan to enter into partnership with business correspondents in the states in which we do not have strong presence for credit sourcing, which will help us in gaining an understanding of newer market and will also boost credit to deposit ratio.

Focus on optimising costs

As of Fiscal 2021, our opex ratio as a percentage of average assets and as a percentage of advances was 3.0% and 4.9% respectively with our cost to income ratio being 70.8%. *(Source: CRISIL Research Report)*. Further, our RoE and return on AUM as of Fiscal 2021 stood at 9.5% and 1.2% respectively *(Source: CRISIL Research Report).* We aim to further improve our operating efficiency to reduce cost to income ratio while improving our existing return metrics.

Post conversion from a local area bank, our branch network has increased more than three times from 47 to 159 as on June 30, 2021. Our branches typically take 15-21 months to break even and since majority of our branches have reached the break-even, our proportion of matured branches to total branches will be incrementally higher going forward. We also target to increase revenue from our existing businesses, optimise business mix to improve risk-adjusted returns.

Focus on improving share of fee income and leverage cross-selling opportunities

An important focus for us is to diversify our fee and non-fund based revenues. We intend to achieve this by further cross-selling existing fee income products like distribution of insurance products and introducing newer products and services.

We believe that tapping our cross-selling potential will favourably increase our fee income. Being the primary banker to the local communities and gives us visibility of the customer cash flow providing us an opportunity to increase our cross-selling opportunities.

We intend to achieve this by generating fee income from our products and services and cross selling third party products such as life insurance, general insurance, health insurance, money transfer, inward and outward non-trade remittances, locker rental etc.

Our non-interest income grew at a CAGR of 21.03% from ₹313.07 million in Fiscal 2019 to ₹458.58 million in Fiscal 2021 and stood at ₹109.59 million for quarter ended June 30, 2021 and constituted 1.39% as a percentage of our average advances for Fiscal 2021 and 1.21% for the three months ended June 30, 2021. We further propose to focus on bancassurance channels to distribute various types of insurance products to existing customers, thereby promoting greater financial inclusion. As of June 30, 2021, we had four bancassurance relationships including with insurance companies offering general insurance, life insurance and health insurance products. We intend to capitalize on these relationships to diversify and distribute these products by leveraging on our existing network to promote newer products to multiple customers.

Strengthen our liability franchise

One of our key strengths is our granular retail focused deposit base. We have been able to leverage the strength of our brand to rapidly grow our deposit portfolio since we commenced operations as a small finance bank. Since 2016, we have placed a strong reliance on enhancing our retail deposits, as they have lower cost compared to wholesale deposits and are more likely to stay deposited with our Bank over a longer period compared to wholesale deposits. Our strong retail focus enables us to maintain high levels of CASA as compared to our peers.

We are focusing on deepening our existing relationships to continue maintaining high levels of CASA. Our CASA deposits as on March 31, 2021, March 31, 2020, March 31, 2019 and June 30, 2021, were ₹ 20,926.34 million, ₹ 16,146.74 million, ₹ 14,078.36 million and ₹ 22,194.46 million, representing a CASA ratio of 40.07%, 36.31%, 38.39% and 40.48%, respectively during these periods.

As on March 31, 2021, we had the highest CASA ratio at 40.07% vis a vis other SFBs resulting in lowest cost of funds. Our cost of funds stood at 5.37% and 5.83% for the three months ended June 30, 2021 and Fiscal ended March 31, 2021. Further, our proportion of retail deposits at 98% is the highest *vis a vis* other SFBs and the second best as compared to that of private sector banks as at March 31, 2021. *(Source: CRISIL Research Report).* We plan to continue to increase our CASA and retail deposits in order to optimise our cost of funds through the following:

- Continue to target new and existing customers to source retail deposits by cross-selling our deposit products to customers who do not have a deposit account and offering additional benefits to existing CASA account holders by focusing on providing high level customer service across all channels;
- Penetrating into existing geographies and expanding into new geographies to serve the target customer segments;
- Focus on 'phygital' distribution of our products and services to cater the banking needs of rural and semi-urban population which includes an optimum mix of physical and digital presence to scale our operations in a profitable manner;
- Leverage and enhance our brand to build our presence in the banking sector and enhance customer trust and recognition by relationship-based banking, customer engagement practices and holistic product offerings; and
- Focus on newly set-up government and institutional banking group so we can service the banking needs of more central and state government departments and agencies as well as co-operative banks, NBFCs and public trusts.

Further, our CASA deposits per branch stood at ₹ 132.4 million and retail deposits per branch stood at ₹ 322.5 million as of Fiscal 2021. *(Source: CRISIL Research Report)*. Our retail deposits per employee stood at ₹ 31.60 million and total business per employee stood at ₹ 54.91 million which was highest among the SFBs for Fiscal 2021. *(Source: CRISIL Research Report)*. We believe that CASA and retail deposits are cheap source of funds for us which will enable us to expand our product portfolio and achieve economies of scale as we continue to grow and scale up our operations.

Leverage technology and data analytics for scalability and profitable growth

We leveraged on technology to increase digital payments and interface with customers to sustain and increase share of customer transactions. We provide an omni-channel integrated solution which ensures smooth customer experience across all the channels of banking, website, internet banking and mobile application. Operationally, digitization benefits us through improved processes, increased productivity, reduced costs, improved collections through data-driven early warning systems, and better cross-selling opportunities. Our digital transition helped us effect a wider outreach, which grew at a CAGR of 92.58% resulting in 2.87 million digital transactions during Fiscal 2021 which increased from 1.49 million in Fiscal 2019 and was 0.98 million in Fiscal 2018. Further, the digital transactions share in non-cash transactions increased from 39.68% in Fiscal 2019 to 54.48% in Fiscal 2021. Going forward, we intend to strategically invest our resources for leveraging technology for efficient operations as we scale up to ensure increased effectiveness of our operations. We intend to reduce our operating costs and increase efficiency in our business operations to improve the overall customer experience through increasing use of technology. We are moving towards digital onboarding of our customers, that will help widen our customer base besides enabling greater sustainability and efficiency in our operations and reduction of costs. We are also continuously exploring new delivery channels to enhance our customer outreach such as self-service portals/kiosks, host to host API based tax payments etc. We also intend to strengthen our alternate delivery channels such as our ATM, mobile and internet banking and increase their adoption by our customers.

We intend to invest in augmenting our technology infrastructure to provide smooth customer experience and ensure that our operations are nimble and efficient to service our customers in an economical manner. We also intend to leverage data analytics for targeting specific customer profiles and develop customized and tailor-made products to suit the diverse requirements of our customers and improve customer satisfaction. Our digital strategy will be to increase cashless banking, deepen automation and enhance customer connect through digital channels. Further, we are in the process of integrating with several technology service providers both on the origination as well as the credit assessment side. These solutions will be closely integrated with our core banking system and offer a superior experience to customers during the onboarding process. We also intend to make extensive use of analytics solutions in our operations for several initiatives like credit monitoring, credit assessment, origination and cross-sell of products.

We plan to undertake the following initiatives to achieve this objective:

- Increasing wallet share of digital transactions in non-cash transactions;
- Educating targeted customer pools, especially the millennial generation, and onboarding them to the digital platform;
- Utilise the data gathered over the years by creating customized analytical decision models and to improve data management; and
- Making our mobile application user-friendly to enhance customer experience.

We have also put in place information technology strategy plan for the next two years which shall focus to achieve the following objectives to ensure cost optimisation in our operations. The plan sets forth the timelines of transitioning and adopting the proposed measures to improve productivity in our existing operations.

- Re-engineer the business continuity process by building resilience in processes to ensure seamless servicing of the customers;
- Optimising cost to ensure sustainability;
- Embracing digital transformation with digital capabilities and channelizing efforts in potential growth areas;
- Addressing emerging regulatory requirements, technological advancements and the associated risks.

Recent developments and the COVID-19 pandemic

In order to address the financial implications of the COVID-19 pandemic, central banks and central governments around the world, including India, have taken monetary, fiscal and administrative measures. The RBI has issued guidelines on March 27, 2020, April 17, 2020 and May 23, 2020 in an effort to contain the impact of the COVID-19 pandemic on the financial services sector. Under these guidelines, all term loans were eligible for moratoriums on instalments and working capital facilities on interest due during a period of six months, *i.e.*, from March 1, 2020 until August 31, 2020 by the RBI, contingent on the lending institutions satisfying themselves that the same was necessitated on account of the economic fallout from COVID-19. During the first moratorium announced by RBI vide notification dated March 27, 2020, we provided an option to our customers to opt out of the moratorium and 75.83% of our customers representing approximately 83.04% of the loan book have made full/partial repayment during the first moratorium. During the second moratorium announced by RBI vide notification dated May 23, 2020, we provided the opt in basis to our customers and 48.80% of our customers representing approximately 48% of the loan book opted for the second moratorium. Further, out of the customers who availed the second moratorium, 64.85% of the customers representing 69.60% of our loan book have made full/partial re-payment. As part of the restructuring package, announced by RBI vide notification dated August 6, 2020, 114 clients representing 2.25% of our loan book availed benefits of the first restructuring package and 203 customers representing 0.82% of the loan book availed benefits of the second restructuring package announced by RBI vide notification dated May 5, 2021.

To tackle the COVID-19 pandemic, we planned and implemented business continuity processes well in time to ensure safety of our employees, customers, other stakeholders while ensuring continuity of our operations in accordance with the prescribed guidelines of the Government of India. We implemented several measures to ensure least impact on our business operations by optimizing the business mix to improve risk-adjusted returns, utilizing cross selling opportunities among our strong retail liability base of over half a million customers. These measures included (a) identifying credit growth driver as retail traders, residential mortgages and agriculture sector and attempt was made to get more granular on the loan book; (b) increasing customer connect with special attention to recovery which was one of the key factors in collection efficiency of term loans increasing from 69% as on June 30, 2020 to 98% as on June 30, 2021, which is nearing the pre-COVID levels; (c) increase in our retail term deposit and getting more granular in deposits which resulted in retail deposit share increasing from 93% as on March 31, 2020 to 98% as on March 31, 2021; (d) increase in the market penetration and promotion of digital channels which resulted in share of digital transactions increasing from 34% in Fiscal 2018 to 54% in Fiscal 2021 and stood at 67.95% as of June 30, 2021.

We made provision for credit losses amounting to ₹ 535.82 million and ₹ 358.34 million for the Fiscals ended March 31, 2021 and March 31, 2020, respectively. As a percentage of our gross advances for those periods, provisions for credit losses were 1.4% and 1.1% for those periods and the provision for credit losses as percentage of gross advances as on June 30, 2021 stood at 1.6%.

Our Banking Operations

We have a license to carry out the operations as small finance bank in India and a scheduled bank and are regulated by the Reserve Bank of India which allows us to provide banking services across all of India and across various customer segments. As a bank committed towards financial inclusion by penetrating into rural and semi-urban areas, we serve our customers through our network of 159branches that are spread across the states of Punjab, Haryana, Rajasthan and Delhi. We currently offer a variety of credit and deposit products and services to our customers and are a one stop solution for their financial needs, providing a range of diverse offerings. We have also created a strong asset liability franchise and offer suite of products and services beyond credit and deposits, such as forex, non-trade retail remittances, safe-deposit lockers, distribution of financial products like insurance (both life and non-life) and other ancillary services which enables to generate non-interest income utilizing our various distribution channels. Our relationship-based approach with our customers has helped us to achieve our endeavour of having primary banking relationship.

Loan Portfolio

Our loan portfolio comprises agricultural, MSME and trading, mortgage lending, retail loans and loans to large corporates. As a small finance bank, we focus primarily on agricultural, MSME and trading, retail and mortgage loans which constitute the majority of our loans. For details of our loan portfolio as on three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020 and 2019, see "*Our Business - Our Strengths – Secured and diversified advances portfolio*" on page 142.

Agricultural loans

A large part of our loan products have traditionally been focused on agriculture related loans. We provide 3 types of agriculture related loans viz. KCC, Agri-term loans and commission agent financing and we focus on mid-sized agriculturalists with average land holding of five acres or more. From a crop perspective, we lend for crops which are under the MSP scheme of the Government of India. These crops have limited price risk as there is a minimum guaranteed price for the product and better cash flows for farmers in case of higher production.

The agricultural loans contributed to 36.88% and 37.82% of our loan book as on June 30, 2021 and March 31, 2021 respectively with an gross advances size of ₹ 13,576.07 million and an average ticket size of ₹ 1.21 million as on June 30, 2021. The details of these loans are set out below:

Name of the product	Purpose	Eligibility	Margin	Security	Total gross advances as on June 30, 2021 (In ₹ million)
Kisan credit card scheme	To meet short term credit requirements of farmers for crop cultivation and funding of post-harvest expenses	All farmers owning agricultural land	NA	Standing crops and mortgage of agricultural land	12,406.44
Agriculture term loans	To meet long term credit requirements of farmers which includes tractor loans, loan for agriculture equipment etc.	All famers owning agriculture land.	25% for new vehicles, 50% for used vehicles	Vehicle equipment being financed and mortgage of land	1,029.30

MSME and Trading

The MSME and trading sector loans contributed to 26.08% of our loan book as on June 30, 2021 with an AUM size of ₹ 9,597.98 million and an average ticket size of ₹ 2.04 million. The loan products under this category are targeted towards small and medium enterprises, small traders and service segment. Though our focus is primarily on providing working capital financing, we also provide other products like machinery loans and project financing. The details of these loans are set out below:

Name of the product	Purpose	Eligibility	Margin	Security	Total gross advances as on June 30, 2021 (In ₹ million)
Scheme for small and medium enterprises	To provide traders/ manufacturers, service enterprises funds for business expansion/ purchase of machinery, equipment/ meet working capital requirements	Individuals/ firms/ private/ public limited companies	25%	Charge on stock, debtors, hypothecation of fixed assets and collateral security depending on quantum of loan	8,921.55
Commission agent financing	To provide finance to commission agents against receivables in the shape of advances to farmers and to provide loans against security of stock/ debtors also where commission agents are engaged in supply of inputs like fertilizers, pesticides, seeds, etc. to farmers.	Individuals, firms, companies, commission agents	Margin 25% against stock or 40% against advances to farmer.	Stock, trade debtors and receivables in the shape of advances to farmers	676.44

Mortgage Lending

We provide loans for purchase, construction, expansion, and renovation of house property. This product is for individual borrowers. We also provide loans against properties for financing viable economic activities or to meet personal needs of the property holder. Mortgage lending contributed to 22.66% of our loan book as on June 30, 2021 with an AUM size of ₹ 8,339.01 million and an average ticket size of ₹ 1.11 million. Mortgage lending includes the housing loans and the loans against property. The details of these loans are set out below:

Name of the product	Purpose	Eligibility	Margin	Security	Total gross advances as on June 30, 2021 (In ₹ million)
Housing loans	Construction, purchase, expansion of existing structures and for repairs/ renovation of existing units	Individuals or group of individuals	25% in case of Purchase/ Construction and 50% on repair/ renovation	Mortgage of house property	3,674.13
Loans against property	Setting-up of new businesses or expansion of existing business or domestic needs	Individuals or group of individuals	50%	Value of property not less than 200% of loan	4,664.88

Others

The loans under this category contributed to 14.38% of our loan book as on June 30, 2021 with an AUM size of ₹5,295.43 million. The loan products under this category are targeted towards consumption, loan against deposits and large corporate business loans. The details of these loans are set out below.

Consumption

Though our primary focus is on providing credit for productive purpose, we also provide consumption credit to complete the bouquet of offering for our customers. We have multiple consumption loan products including gold loans, auto loans and personal loans. The consumption contributed to 5.13% of our loan book as on June 30, 2021 with an AUM size of ₹ 1888.47 million and an average ticket size of ₹ 0.44 million. The details of these loans are set out below:

Name of the product	Purpose	Eligibility	Margin	Security	Total gross advances as on June 30, 2021 (In ₹ million)
Auto loans	To finance two wheelers and four wheelers like scooters, cars, motorcycles etc.	Individuals, traders, professionals, self-employed, agriculturists, firms, companies, societies and associations	Depends on the scheme	Hypothecation of vehicles purchased	1,694.14
Personal loans	To meet personal expenses e.g., travel, family events, medical expenses, educational expenses etc.	Professionals, self-employed, employees and business community.	Nil	Personal obligation and post-dated cheques	146.43
Gold loans	Scheme for consumption, domestic and medical reasons	Individuals	Term Loan: 30%, Bullet repayment: 50%	Pledge of gold jewellery/ and valued by approved valuer	47.90

Large Corporate Loans

Since Fiscal 2017, we have started providing credit to large corporates including NBFCs and MFIs. We have adopted a conservative approach to corporate loans and usually lend to companies with investment grade or above. In case these entities are below investment grade, we insist on 100% collateralization. We also obtain a first loss default guarantee ("**FLDG**") ranging from 0%-10% on these products from the clients in this product category. As on June 30, 2021, our total exposure to large corporate loans stood at ₹ 1,948.01 million which was 5.29 % of our total advances.

Loan Sanctioning, Collection and Monitoring

Loan sanctioning

A comprehensive credit policy with detailed product wise guidelines adopted by us serves as a guide for the loan sanctioning process. We undertake the credit underwriting through a three-tier structure which comprises of branch level, cluster level and head office level sanctioning depending upon the product and the quantum of the loan. Lending powers have been delegated at these levels considering the experience, credit expertise and knowledge of the functionaries. Further, credit facilities beyond a pre-defined threshold are invariably sanctioned through committee approach. We follow the 'principal of four eyes' while granting the loans which ensures that any loan proposal is mandatorily required to pass through at least two of our officials in order to be sanctioned. Further, there are standard checks like credit bureau verification, review of defaulters list and frauds check. Further, all high value accounts are mandatorily verified by the credit risk department, which gives an independent report on the proposal.

Loan collection and monitoring

We have structured our recovery and collection process to ensure that our customers do not face any operational challenges in repayment of their loans thereby ensuring lower delinquencies and lower NPAs. The primary responsibility of recovery of the loan provided rests with the branch which has sourced the loan. The branch performance sheet takes into account the level of over dues including NPA levels and consequently the incentive payable to branch personnel is dependent, among other things, on the level of recovery of over dues and NPAs in their respective branches. Further, we also have a dedicated recovery team which operates out of the cluster and head office to recover the loans.

The credit team at branches is responsible for recovery and monitoring of overdue accounts including SMA1. Both the recovery officer as well as branch executive servicing the customer are responsible for recovery of the loan which includes constant follow-ups and visit to the customers as soon as a loan is classified under SMA1 category. We have well-defined policy in place for monitoring and recovery of SMA accounts.

We undertake the following recovery procedure in the event of delinquency of loans granted by us:

- Immediately contact the customer through email, telephone, text or other mode;
- Personal visits of the branch official to the borrower and the guarantor;
- In the event default exceeds three months, the case is referred to the head office/regional credit team. In such a case, a senior recovery officer is appointed from the head office for further follow-up;
- Sending the notices to the borrower and the guarantor, subsequent filing of application before the relevant forum and in the event no objection are raised on the petition, we proceed to liquidate the assets of the borrower / guarantor, as applicable.

Deposit Portfolio

Our liability franchise is driven by our retail deposits and CASA. Our deposit products comprise savings accounts, current accounts and term deposits. We also serve NRI customers and offer NRE and NRO accounts. As at three months ended June 30, 2021 and June 30, 2020 and Fiscals ended March 31, 2021, 2020 and 2019, our total deposits were ₹ 54,829.03 million, ₹ 46,869.22 million, ₹ 52,210.70 million, ₹ 44,466.23 million and ₹ 36,672.58 million. Our deposits have grown at a CAGR of 19.32% from ₹ 36,672.58 million as of March 31, 2019 to ₹ 52,210.70 million as of March 31, 2021. As per the CRISIL Research Report, we had 98% of retail deposits as a percentage of our total deposits as at March 31, 2021 among our compared peers, which is the highest. Our total retail deposits as at three months ended June 30, 2021 and June 30, 2020 and Fiscals ended March 31, 2021, 2020 and 2019 were ₹ 53,105.94 million, ₹ 44,171.57 million, ₹ 50,955.86 million, ₹ 41,351.92 million and ₹ 34,592.00 million, respectively, which represented 96.86%, 94.24%, 97.60%, 93.00% and 94.33% of our total deposits, respectively.

Particulars	As at June 30, 2021		As at June 30, 2020		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Amount (₹ in million)	% to total deposit	Amount (₹ in million)	% to total deposit	Amount (₹ in million)	% to total deposit	Amount (₹ in million)	% to total deposit	Amount (₹ in million)	% to total deposit
Current Accounts	2,036.15	3.71	1,858.17	3.96	2,072.66	3.96	1,333.17	3.00	1,438.26	3.92
Saving Accounts	20,158.31	36.77	15,581.69	33.25	18,853.68	36.11	14,813.57	33.31	12,640.10	34.47
CASA	22,194.46	40.48	17,439.86	37.21	20,926.34	40.07	16,146.74	36.31	14,078.36	38.39
Term Deposits	32,634.57	59.52	29,429.36	62.79	31,284.36	59.93	28,319.49	63.69	22,594.22	61.61
Total Deposits	54,829.03	100	46,869.22	100.00	52,210.70	100	44,466.23	100	36,672.58	100
Retail Deposit (% to total deposits)	**96.86**	-	**94.24**	-	**97.60**	-	**93.00**	-	**94.33**	-

As of June 30, 2021, our total deposit base was spread over 638,660 deposit accounts. The number of accounts have increased by more than 1,57,927 since Fiscal 2019 from 480,733. The average ticket size of deposits has also increased by 10% from ₹ 76,000 in Fiscal 2019 to ₹ 84,000 in March 2021. Further, the rollover rates for our term deposits have consistently ranged from 89% to 91% during Fiscals 2019 and Fiscal 2021 indicating stickiness in our depositor base.

Savings Accounts

Saving accounts are demand deposits for customers that accrue interest. As of June 30, 2021, we had 524,814 savings accounts. The interest rate offered by us for our domestic savings account is 3.50%on the daily balance kept in the savings account. We offer the following types of interest-bearing savings account to our customers. We also offer NRE and NRO savings accounts.

Normal savings account: Requires a minimum balance of ₹ 100 in rural areas and ₹ 300 in semi-urban and urban areas (without cheque book facility) and ₹ 500 with cheque book facility. The account has been designed to suit the needs of any age group and to inculcate the habit of savings. This account also offers fast remittance through IMPS, NEFT and RTGS and a cash withdrawal and deposit at any branch of our Bank up to ₹ 25,000 per day without any charge.

Capital savings account: Provides added advantages of ATM cum debit card, mobile banking, internet banking and at par cheque book facility. The customers are required to maintain a minimum balance of ₹ 1,000. This account offers RuPay debit card acceptance across 0.24 million ATMs and over 2.7 million point of sales terminal, fast remittance through IMPS/NEFT and RTGS and a cash withdrawal and deposit at any branch of our Bank up to ₹ 0.1 million per day without any charge.

Capital saver savings account: In addition to the benefits offered by a capital savings account, this account provides enhanced benefits on maintaining a quarterly average balance of ₹ 5,000. This account also offers free personal accidental insurance for first years to the first holder up to ₹ 0.1 million, fast remittance through IMPS/NEFT and RTGS and a cash withdrawal and deposit at any branch of our Bank up to ₹ 0.2 million per day without any charge. Senior citizens maintaining net relationship value of ₹ 0.25 million are exempted from maintaining quarterly average balances.

Capital super saver savings account: In addition to the benefits offered by a capital savings account and capital saver savings account, this account provides enhanced benefits on maintaining a quarterly average balance of ₹ 10,000. This account also offers free personal accidental insurance for first year to the first holder up to ₹ 0.1 million, fast remittance through any charges in the form of IMPS/NEFT and RTGS, a cash withdrawal and deposit at any branch of our Bank up to ₹ 0.5 million per day and other concessions on certain charges.

Basic savings bank account: Also known as 'Suvidha Bachat Account', this account targets to achieve 100% financial inclusion in area of operation and requires NIL minimum balance. Further, there are no folio charges and reduced KYC procedures with an objective to outreach low income group of the society.

Current Accounts

Our current accounts are demand deposits for customers that do not accrue interest. We offer various types of current accounts which are equipped with a variety of services, including banking solutions, such as, corporate internet banking, to cater to the various requirements of entities/ customers to manage their businesses. As at June 30, 2021, we had five variants of current account products catering to the needs of our diverse customer base in India, including corporate entities, individuals, sole proprietorship, trusts, and our agents.

Normal current account: Designed to suit the needs of small businesses, the minimum quarterly balance required for a normal current account is ₹ 1,000 in rural areas and ₹ 2,000 in semi-urban / urban / metro areas. This account offers, among others, internet banking, cash withdrawal and deposit at any branch of our Bank of up to ₹ 25,000 per day and fast remittance of funds through IMPS/NEFT and RTGS.

Capital current account: The minimum quarterly balance required for a capital current account is ₹ 7,500 in rural areas and ₹ 10,000 in semi-urban / urban / metro areas. This account offers, among others, RuPay debit card acceptance across 0.24 million ATMs and over 2.7 million point of sales terminals, internet and mobile banking, cash withdrawal and deposit at any branch of our Bank of up to ₹ 0.1 million per day and fast remittance of funds through IMPS/NEFT and RTGS.

Capital plus current account: Designed to suit the needs of small and medium businesses, the minimum quarterly balance required for a capital plus current account is ₹ 50,000 in rural, semi-urban, urban and metro areas. This account offers, among others, RuPay debit card acceptance across 0.24 million ATMs and over 2.7 million point of sales terminals, internet and mobile banking, cash withdrawal and deposit at any branch of our Bank of up to ₹ 0.2 million per day and at par fast remittance of funds through IMPS / NEFT and RTGS.

Capital premium current account: Designed to suit the needs of large businesses who can afford to maintain a high quarterly average balance, the minimum quarterly balance required for a capital premium current account is ₹ 0.1 million in rural, semi-urban and urban areas. This account offers, among others, RuPay debit card acceptance across 0.24 million ATMs and over 2.7 million point of sales terminals, internet and mobile banking, at par cash withdrawal and deposit at any branch of our Bank of up to ₹ 0.3 million per day, zero cheque book charges, payable at par cheque book for unlimited intraday transactions and no stop payment and at par fast remittance of funds through IMPS/NEFT and RTGS charges.

Capital flexi account: Available for all persons and entities eligible to open a current account who by maintaining a quarterly average balance of ₹ 50,000 can earn interest on funds lying in their account through auto sweep in/out facility. This account offers, among others, auto sweep in/out facility, auto transfer of funds from flexi fixed deposit to current account at the time of withdrawal, RuPay debit card acceptance across 0.24 million ATMs and over 2.7 million point of sales terminals, internet and mobile banking, zero cheque book charges.

Term Deposits

In term deposits, the sum of money is kept for a fixed maturity and the depositor is not allowed to withdraw this sum till the end of the maturity period except with payment of a penalty amount. We maintain a resilient rollover in our term deposits, which aids us in maintaining consistent liquidity and low cost of funds. As of June 30, 2021, 95,960 accounts had maintained term deposits with us. We offer the following types of deposits to our customers:

Cumulative deposit: Offers quarterly compounding interest and can be opened by any individual, group of individuals, firm, corporate or club for a minimum period of 12 months and maximum of 120 months.

Short term deposit: Offers simple interest and can be opened by any individual, group of individuals, firm, corporate or club for a minimum period of 15 days and maximum of 365 days. Among other benefits, loan/ overdraft facility on a short-term deposit is available up to 92.5% of the deposit amount and can also be used as a margin for non-fund based facilities. Among other benefits, loan/ overdraft facility on a short-term deposit is available up to 92.5% of the deposit amount and can also be used as a margin for non-fund based facilities.

Quarterly interest deposit scheme: Offers quarterly interest pay out option for term deposits and can be opened by any individual, group of individuals, firm, corporate or club for a minimum period of 12 months and maximum of 120 months days. Among other benefits, a quarterly interest deposit scheme offers, premature withdrawal before maturity and loan/ overdraft facility on a quarterly interest deposit scheme is available up to 92.5% of the deposit amount.

Monthly interest deposit scheme: Offers monthly interest pay out option for term deposits and can be opened by any individual, group of individuals, firm, corporate or club for a minimum period of 12 months and maximum of 120 months days. Among other benefits, a monthly interest deposit scheme offers, comfort of liquidity and loan/ overdraft facility which is available up to 92.5% of the deposit amount.

Tax saver fixed deposit: Can be availed by resident individuals and HUF and provide certain benefits such as minimum amount of deposit as low as ₹ 100 and thereafter in multiples of ₹ 100, can be opened jointly and booked with quarterly or maturity payout and eligible for deduction under Section 80-C of the Income Tax Act, 1961.

Recurring deposit: Allows the customers to save funds by depositing monthly instalments and the interest on a recurring deposit compounds monthly. This deposit can be opened by an individual, group of individuals, firm, corporate or club for a minimum period of 12 months and maximum period of 120 months.

NRE/NRO Deposits

We also offer NRE/NRO deposits accounts to NRI's falling under the category as specified in FEMA. The accounts may be held jointly with residents and/or with non-residents. We offer competitive interest rates on both NRE/NRO fixed deposits.

For more details on our deposits, see "*Selected Statistical Information – Deposits*" on page 213.

Fee Income based products

Apart from income from advances, we derive fee income from rendering services such as distribution of insurance, forex services, remittance services and safe deposit lockers. This is in sync with our philosophy of offering holistic financial products to our clients. The non-interest income accounted for 0.7% of our total assets for Fiscal 2021 and we believe is the key areas of growth for us going forward to increase our RoAA.

Insurance Products

We are a corporate agent for ICICI Prudential Life Insurance Company Limited and HDFC Life Insurance Company Limited for life insurance products and with Bajaj Allianz General Insurance Company Limited and SBI General Insurance Company Limited for general insurance and health insurance products. We distribute a range of insurance products, including traditional life insurance, term insurance, motor insurance, property insurance, personal accident insurance, health insurance and travel insurance.

Forex services

We have an authorized dealer category II license from RBI and provide both inward and outward non-trade remittance facilities. We also provide outward remittance services to our retail clients under Liberalized Remittance Scheme as per AD-II guidelines of RBI.

Money Transfer Services

We provide our customers with a money remittance services in partnership with third party service providers and have arrangements with Western Union Financial Services Inc., Money Gram Inc., and Ria Money Transfer.

Safe Deposit Lockers

We provide safe deposit lockers to our customers to store their valuables for a fee.

Other Services

Delivery Channels

We deliver our products and services through Branches, ATMs, ATM cum debit cards, mobile banking platforms, internet banking portals, unified payment interface facilities and SMS alerts.

As at June 30, 2021, we had 159 Branches, 161 ATMs in four states.

Branches

As at June 30, 2021, we had 159 Branches, of which 69 were rural Branches, 49 were semi-urban Branches, 30 were urban Branches and 11 were metro branches. We intend to continue to increase the number of our Branches. For details, see "*–Our Strategies– Continue to grow our loan book organically with focus on secured lending* " on page 145.

As per the RBI's requirements, at least 25% of our Branches must be in unbanked rural centres. As at June 30, 2021, approximately 27% of our Branches were in unbanked rural centres.

ATMs

As at June 30, 2021, we had 161 ATMs. During the three months ended June 30, 2021 and Fiscals 2021, 2020 and 2019, we added 1, 9, 21 and 27 ATMs, respectively. We intend to continue to increase the number of our ATMs.

ATM cum Debit Cards

We offer Classic debit card, classic business debit card, platinum debit card and platinum business debit cards. Each of these are RuPay branded and offer wide range of services to our customers. The cards can be used to withdraw cash through our ATMs and the ATMs of any other bank in India and for purchase transactions at POS/online terminals in India. We also offer a platinum RuPay Debit card, which is a chip-and-pin card that has enhanced insurance coverage and access to certain airport lounges, and another brand of credit and debit cards. We started offering the debit cards in Fiscal 2015.

Internet Banking

We offer a variety of internet banking services, allowing our customers to conduct banking operations at any time, on any day and from anywhere in the world. Our internet-banking platform is equipped to handle remittance services, such as, IMPS, NEFT, RTGS, IFT, bill payment, non-financial transaction facility, statement of account viewing and downloading facility etc. In Fiscal 2021 and the three months ended June 30, 2021, transactions carried out through internet banking amounted to ₹ 22,313.11 million and ₹ 3,130.90 million, respectively.

Mobile Banking

Mobile banking services help customers maintain a virtual connection with our Bank at all times. We currently offer a mobile banking application enabling our customers to transfer funds (inter bank, NEFT, RTGS, IMPS), opening of deposit accounts, cheque book request, viewing statement of account, bill payment, adding beneficiary for fund transfer and multiple login profiles for different customer IDs on the same handset. Our mobile application is compatible with both Android and iOS operating systems.

Mobile Passbook

We offer the mobile e-book application which is designed to facilitate our customers who are willing to have access to their portfolio with no financial transactions rights. The application provides facility to search for transactions. The user may tag their personalized remarks to each transaction and can generate statement of specific account which can be further shared.

Risk Management

As a banking institution, we are exposed to several risks including credit risk, liquidity risk, interest rate risk, market risk, technology risk and macro-economic risk. Our efforts have been to build systems and processes in place to constantly monitor and take timely actions whenever required in respect of these risks.

We follow an integrated approach to managing risks and the processes which are embedded in the fundamental business model. The risk management landscape adopted by us covers the stages of identifying, assessing, measuring, managing, controlling and reporting risk concerns across all the risk classes viz. credit, market, operational and liquidity risk. While the Board is responsible for overall governance and overseeing of core risk management activities, it has delegated authority to the Risk Management Committee of the Board for overseeing and review of the processes and practices of risk management including operationalization of procedures, systems and tools for risk monitoring and maintaining oversight of the risk management function. The Risk Management Committee approves and recommends to the Board for its review and approval, the policies, strategies and framework for management of risk. It ensures an appropriate risk organization structure with authority and responsibility clearly defined, ensuring the independence of risk management function.

The Risk management department undertakes the process of identifying, measuring, monitoring and managing various risks, focuses on credit risk, market risk, operational risk, transaction monitoring, information security and internal financial controls. Various functional departments are responsible for devising and implementing suitable policies and processes for effective management of risks embedded in their respective functions, in consultation with the Risk Management Department. Business units are responsible for compliance of various policies and procedures stipulated by the Corporate Office for effective implementation of risk management systems.

Credit Risk

Credit risk is defined as the possibility of losses due to default by the borrowers and/or reduction in the value of the portfolio due to deterioration of credit quality of borrowers or counterparties. We have set up a well-defined credit risk management framework in order to ensure a proper control over credit portfolio of the Bank. The credit risk policy of the Bank is approved by the Board after considering various risk prepositions and prevailing market conditions.

The Risk Management Committee manages implementation of credit risk management framework and provides recommendations to the Board. Further, the credit risk management committee of executives has been constituted by us to execute and ensure implementation of credit risk management under the framework of Risk Management Committee. It ensures implementation of credit risk management policy and procedures, as approved by the Board and recommends changes thereto, considering any changes in the regulatory instructions, business or economic conditions. It also monitors quality of the loan portfolio at periodic intervals, identifies problem areas and instructs business units with directions to rectify the deficiencies.

The credit risk division of the risk management department implements policies and processes for credit risk identification, assessment, measurement, monitoring and control. Credit risk parameters and credit exposure and concentration limits are set by the Board, based on regulatory guidelines. The credit risk division constructs credit risk identification systems, monitors the quality of our loan portfolio, identifies problem and undertakes asset quality reviews and submits its analysis and reports to the Risk Management Committee on an on-going basis. The credit risk division captures early warning signals in the loan portfolio for identification of weak exposures, suggests remedial measures and monitors the actions taken.

We have adopted a robust risk management framework to ensure that delinquencies in our loan portfolio are reduced to minimum. The GNPA in our loan portfolio was 2.48%, 2.08%, 1.76% and 1.30 % respectively as on the three months ended June 30, 2021 and the Fiscals ended March 31, 2021, 2020 and 2019.

Market Risk

The market risk refers to the risk resulting from movements in market prices, in particular changes in interest rates, foreign exchange rates and equity and commodity prices. Thus, the market risk is the risk to our earnings and capital due to changes in the market level of interest rates or prices of securities, foreign exchange and equities, as well as, the volatilities of those changes.

The Board is responsible for overall risk management of the Bank. The Risk Management Committee reviews and assesses the exposure of our Bank to various market risks and outlines various polices. The market risk in trading book is regulated by the Board approved investment policy and trading policy which ensures that all the transactions undertaken are in accordance with with the prudent business practices and regulatory guidelines issued by Reserve Bank of India from time to time as well as comply with the internal guidelines.

The primary components of market risk are discussed below.

Interest rate risk

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustments within a specified period. The most important source of interest rate risk is our lending, funding and investment activities, where fluctuations in interest rates are reflected in interest margins and earnings. Internal factors include the composition of assets and liabilities, borrowings, loans and investments, quality, maturity and interest rates. External factors cover general economic and monetary conditions. While the immediate impact of this risk is on Net Interest Income and the value of fixed income investments, in the long term, variations in interest rates impact our net worth, since the economic value of the assets, liabilities and off-balance sheet positions get affected. Various tools are used by us to manage interest rate risk as said out below:

1. Traditional gap analysis (IRS TGA): IRS-TGA checks the impact of change in the interest rate on Net Interest Income (NII) during a shorter time horizon; and
2. Duration gap analysis (IRS DGA): IRS-DGA assesses the impact of interest rate movement on the Market Value of Equity (MVE) i.e. the net-worth of the Bank.

Liquidity risk

Liquidity refers to our ability to fund a decrease in liabilities or increase in assets and meet both cash and collateral obligations at a reasonable cost without adversely affecting our financial status. Liquidity risk arises when we are unable to meet such obligations. Liquidity risk is dependent on specific factors, such as maturity profile and composition of sources and uses of funding, the quality and size of the liquid asset buffer, and broader market factors, such as wholesale market conditions alongside depositor and investor behaviour. This type of risk may result in our failure to meet regulatory liquidity requirements, support normal banking activity or, at worst, cease to be an ongoing concern. Various tools are used by us to manage liquidity position are set out below:

- *Structured Liquidity Statement*: To project the inflows and outflows of assets and liabilities in various time buckets; accessing the behavioural pattern of assets and liabilities and adhering to the limits of cash-flow mismatches to have adequate liquidity cushion across the maturity buckets.

- *Liquidity Coverage Ratio*: Prescribed by RBI, this includes managing the next 30-day bucket of asset and liability on daily basis to avoid any sudden shock on the liquidity position.

- *Contingent Funding Plan:* To have an ongoing access to on-tap liquidity facilities from sources like other banks and financial institutions and avenues provided by the RBI such as liquidity adjustment facility, margin standing facility, automated sweep-in and sweep-out facility etc.

- *Dynamic Liquidity Statement*: To anticipating the future funding requirements and analyzing the same.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic risk and reputational risk. While operational risk management is the responsibility of various functions and business units handling operational activities, it is overseen at executive level by the Risk Management Committee.

The Risk Management Committee mitigates operational risk by creation and maintenance of an explicit operational risk management process. It conducts detailed reviews of all operational risk exposures and focuses on all operational risk issues.

The Risk Management Committee reviews the risk profile to take into account future changes and threats, and concurs on areas of high priority and related mitigation strategies with different departments and business units. The committee ensures, among others, (a) identification and management of operational risk; (b) evaluation and prioritization of risk by implementation of operational risk strategy; (c) monitoring and review of operational risk effectiveness.

Information Security Risk and Cyber Security Risk

Overseeing of information security governance is the responsibility of the Board. The Information Technology Strategy Committee is a board level committee which oversees the security governance of our Bank. The Information Security Governance Committee monitors, reviews, directs and manages our information security risk management system by establishing a robust information security risk management framework. We have also constituted an Information Technology Steering Committee and Information Security Steering Committee of Executives (ISSCE) which are the executive level committees headed by the Chief Operating Officer and Managing Director & CEO respectively, having independent roles and responsibilities.

Our information security policy and cyber security policy are approved and periodically reviewed by the Board. The Chief Information Security Officer is responsible for articulating and enforcing the policies that we use to protect our information assets for coordinating with relevant external agencies on the information security related issues.

Transaction Monitoring

We have controls and compliance mechanisms in place for ensuring that our customers do not include persons prone to money laundering and other financial crimes. The transaction monitoring team focuses on the following, among others:

- risk categorization of customers at the time of account opening, and transaction monitoring measures that align with the risk categorization of our customers;

- maintenance of a compliance culture across the organization ensures that all our employees understand money laundering risks and the consequences of breaches in AML norms.

Internal Financial Controls

Internal financial controls are the policies and procedures adopted by us to ensure orderly and efficient conduct of our business, including adherence to our policies, safeguarding of our assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and timely preparation of reliable financial information.

We have put in place a detailed organizational structure where each department is responsible for control function carried on by the concerned department covering finance, information technology, compliance, treasury, credit, deposit payment and settlement, taxation and human resource.

We have a strong impetus towards risk management and realize the fundamental importance of a robust framework. We monitors the changing dynamics in the industry and are evolving to strengthen our ability to manage risk effectively and efficiently in alignment with our risk appetite, risk assessment and risk mitigation strategy.

Treasury Operations

Our treasury department is responsible for fund raising and asset liability management, minimizing the cost of our borrowings, liquidity management and control, managing interest rate risk, investing funds in accordance with the criteria set forth in our investment policy and ensuring compliance with the statutory requirements prescribed by the regulators, including RBI. The treasury is the interface between the head office and the branches for various activities such as liquidity and cash management, payments and settlement processes, funds transfer activities, various other activities.

We have a Board-approved investment policy framed in accordance with RBI guidelines and a standard operating procedure for carrying out treasury transactions and governing investments in various instruments such as bonds, treasury bills, commercial papers, certificate of deposits, mutual funds, debentures and other products. We also have an independently functioning treasury front office, back office and mid office.

The treasury investment portfolio is founded on three core principals of safety, liquidity and risk adjusted superior returns (alpha generation) in order to provide our Bank sufficient liquidity, better asset quality and favorable risk adjusted returns. These attributes have helped us maintain healthy liquidity and further reduced cost of funds has added to bottom line growth.

Information Technology

We believe that information technology is one of the key differentiators for improving customer experience. The use of technology, over the years, has enabled us to scale up our operations in an efficient manner. We have collaborated with third party software solution providers and software service providers in order to automate our backend operations which are supported by a core banking system and loan management function. Our various technology platforms support major functions, such as, customer experience, enterprise accounting, expense management and human resources, process management, risk management, and governance are also supported by various technology platforms. We focus on encouraging the use of digital banking channels, particularly individuals in unbanked and underbanked segments on the use of digital channels.

We aim at leveraging technology to better serve our customers, identify opportunities, deliver innovative products and services and advance on our goal of financial inclusion.. We also provide digital facilities including internet banking, mobile banking, corporate internet banking, bill payments, and debit cards.

We have a robust digital system in place and are using the core banking system from a Chennai based service provider, which enables our customers to avail any branch banking and anytime banking through different delivery channels. We have two mobile banking applications – Capital Bank Mobile + and Capital Bank Mobile Connect. Recently, we have launched a new internet banking application, with new features and security.

Data Security

We have a dedicated team to manage the information systems security. Our security operations centre operates on a 24x7 basis to protect our assets. We are regulated by the RBI and we conduct assessments of our compliance with the RBI's Cyber Security Framework in Banks, RBI's Guidelines on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds, and the Information Technology Act, 2000. We also have a Board approved cyber crisis management plan in place, in line with the guidelines of the RBI. An incident response team has also been constituted which is responsible to promptly and correctly handle a cyber-security incident, in order for it to be promptly contained, investigated and recovered from. We also conduct periodically 'IS and Cyber Security Audit' to ensure that relevant data security controls are present including masking/ encryption of critical data fields at rest, in motion and in use, role-based access control, segregation of duties, least privileges and effective user access management. In addition, we conduct periodic vulnerability assessments and penetration testing exercises on our applications and infrastructure components. All applications have to mandatorily undergo security testing before going live.

Compliance

Compliance is a multi-dimensional domain with its implications varying with the area of application. Being a financial institution, we assess the compliance risk primarily under four key areas of maintaining RBI Compliance, corporate compliances, KYC and AML compliance and information technology compliance.

We are committed to follow best practices and market standards in areas of accountability, transparency and business ethics in order to promote highest standards of corporate governance. To manage the associated risks, we have an independent, dynamic and robust compliance function covering each and every aspect as per statutory guidelines.

The compliance function ensures strict observance of all statutory provisions contained in various legislations such as Banking Regulation Act, Companies Act, Reserve Bank of India Act, Foreign Exchange Management Act, Prevention of Money Laundering Act etc. as well as to ensure observance of other regulatory guidelines issued from time to time; IBA, FEDAI, FIMMDA etc.; and also our internal policies and fair practices code.

Intellectual Property

We have obtained various trademark registrations in India, including for our earlier logo Capital Local Area Bank. Further, we have filed an application for registration of our current logo Capital Small Finance Bank under classes 9, 36 and 42. We have also applied for registration of 'Capital Mobile Bank Connect', Capital Mobile +, Capital Mobile Plus' trademarks under various classes which is pending at various stages.

We believe that our intellectual property has significant value and is materially important to our business. We are proactive about protection of our intellectual property by taking appropriate action where any other entity uses or attempts to use any mark similar to trademarks owned by our Bank or makes attempts to secure registration of marks similar to trademarks owned by the Bank. Also, see "*Risk Factors - While certain of our trademarks used by us for our business are registered, any inability to protect our intellectual property or know how from third party infringement may adversely affect our business and prospects*", on page 33.

Marketing

Our marketing objective is to build brand awareness and create a brand identity as the 'trusted and preferred' banking partner in the geographies in which we operate and the geographies we intend to penetrate. We focus on establishing relationships and creating a strong community connect to build trust and credibility. Our marketing strategy is interwoven with our business model, customer connect philosophy and is multi-dimensional keeping in mind our multiple distribution channels. We have a contiguous branch network with deep penetration in geographies where we operate in with special emphasis on rural and semi urban areas. Our marketing strategy is focused on leveraging digital media through our social media handles, websites and other online platforms, and offline media, such as outdoor displays, newspaper advertisements and radio, to reach out to our desired audience in an effective and efficient way. We regularly launch campaigns and undertake different activities to increase brand visibility and awareness of our products and services in the communities we serve. Our marketing efforts are focused on three broad areas of brand building, brand and product recall and lead generation activities, both through digital and other means. Our focus is to increase branch level community activities to spread awareness and community connect besides digital medium for larger audiences across locations. Our marketing initiatives are aimed at acquiring new customers while strengthening our relationships with our existing customers.

Competition

We operate in a highly competitive environment and face significant competition from other small finance banks, scheduled commercial banks and NBFCs as well as local moneylenders in rural areas and unorganized, small participants in the market across all our product segments. We seek to compete with these entities through value added services, faster customer service response, quality of service, a growing interconnected branch network, and delivery capabilities based on enhanced technology.

Furthermore, certain requirements that are applicable to small finance banks in terms of the SFB Operating Guidelines and other banking laws and regulations are significantly more stringent in comparison to scheduled commercial banks and NBFCs. Ensuring compliance with these laws and regulations has and will continue to limit our revenue, thereby making it more difficult to compete with other players in the organized sector. Further, the RBI issued Guidelines for On-Tap Licensing of SFBs in the Private Sector on December 5, 2019, which permits applicants to apply for SFB license to the RBI at any time, subject to fulfilment of certain eligibility criteria and other conditions. We anticipate that this will increase competition within small finance banks operating in India, including our Bank.

If the number of scheduled commercial banks including small finance banks, public sector banks, private sector banks, payment banks, and foreign banks with branches in the country increases, or if such existing entities expand their operations, we will face increased competition across product segments, which could have a material adverse effect on our financial condition and results of operations. Also see, "*Risk Factors – 13. The Indian finance industry is intensely competitive and if we are unable to compete effectively it would adversely affect our business, financial condition, results of operations and cash flows*" on page 35.

Insurance

We have insurance policies covering nearly 119.94% of our fixed assets (excluding land) as at June 30, 2021. We have a bankers blanket insurance policy covering cash at premise (to include ATM cash and gold pledged), standard fire and specials perils policy, burglary policy, comprehensive motor package policy, electronic equipment policy, among others. In addition, we also maintain a directors and officers liability insurance policy. We believe that our insurance coverage is in accordance with industry custom, including the terms of and the coverage provided by such insurance. Our policies are subject to standard limitations and, in the case of business interruption insurance, among other things, limitations apply with respect to the length of the interruption covered and the maximum amount that can be claimed. Therefore, insurance might not necessarily cover all losses incurred by us and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies. See "*Risk Factors – If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have an adverse effect on our financial condition, results of operations and cash flows*" on page 47.

Human Resources

The following table sets forth the numbers of our employees, categorised by designation, as at June 30, 2021:

Functions	Number of Employees
Below managers	1,150
Manager	180
Senior managers	311
Total	**1,641**

The Bank deploys various policies for career development and enrichment of its human capital in the form of trainings, stock options, career growth opportunities, work life balance and development of leadership skills at all the levels to build a self-driven and highly motivated human capital.

As a critical element of our business strategy, we endeavour to provide all the opportunities for our employees. We believe our employees are one of our most important assets and that a content and happy workforce will deliver the joy of banking to our customers and drive our performance. We have a pool of programs that enable professional development, mentoring and training for our employees. Each new employee undergoes a mandatory induction training which includes various aspects including compliance, fraud risk, security, AML etc.

Corporate Social Responsibility

As on March 31, 2021, we spent ₹ 6.15 million on the corporate social responsibility initiates undertaken by us against an amount of ₹ 6.11 million earmarked by us. We have adopted a Corporate Social Responsibility ("**CSR**") policy in compliance with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 notified by the Central Government. We have a board approved CSR policy that aims to contribute to the social and economic development of underprivileged and underserved community in low income geographies. Our Bank's strategy is to integrate its activities in community development, social and environment responsivity and encourage each business unit/ function to include these considerations into its operations. We also have a CSR Committee which is responsible for administering and executing the CSR policy. Our CSR Committee identifies specific areas which need focus and recommends them for implementation and reviews these activities at regular intervals. The Bank has formulated a trust in the name of Capital Foundation through which the CSR activities are undertaken. Capital Foundation focuses on addressing socio-economic gaps through CSR related activities and social initiatives that have a meaningful impact within the community. We believe that our CSR initiatives contribute to our overall strategy of engaging with our target customers.

Environmental, Social and Governance

The principles of ESG are ingrained in our operations. We recognize the significance of ESG as it impacts multiple aspects including environment, work and safety conditions, human rights, corporate governance, and regulatory compliance and how we should respond to these on an ongoing basis.

We are focused on pursuing sustainable environmental management practices, providing suitable and safe working condition for human capital, respect for human rights and ensuring ethical practices in our operations. We leverage these ESG principles as we aim to develop a robust and performance driven culture for our Bank. Some of the key ESG initiatives are described below:

Environment

We are a carbon neutral bank in the current Fiscal and have encouraged digital communication with all our stakeholders including customers to reduce the use of paper.

Social

We believe that we have played an important role in rural and semi-urban regions to provide access to affordable credit and banking services. As on March 31, 2021, 74% of our total branches are located in rural and semi-urban areas with 27% of the branches being in unbanked rural centres. The following table provides details of our key efforts in this respect as of Fiscal 2021:

Category	Number of customers	Amount disbursed (In ₹ million)
New Loans to URC and Rural Branches	4,416	3,181.10
New Loans to Agri Sector	4,692	4,120.60
New Loans to SME Sector	3,438	2,538.40
Deposits in URC and Rural branches	2,08,599	19,776.00

Governance

We promote a culture of responsibility, transparency and ethical conduct. The corporate governance framework incorporates several policies and procedures including code of conduct and ethics, anti-bribery and anti-corruption policy, prevention of sexual harassment policy, staff accountability policy, whistle blower policy etc. We have a strict internal control mechanism that ensures adherence to statutory compliances and governance protocols. These control mechanisms are vetted by an internal auditor to ensure that they are robust to address business requirements, we regularly review these protocols to adapt to evolving business conditions.

We also continuously engage with regulators and are proactive to ensure regulatory compliance.

Properties

We do not own any real property, except (a) our Registered and Corporate office; and (b) vacant piece of land located at Plot No. 35, G.T. Road, Jalandhar. Further, as at June 30, 2021, we had 159 Branches, all of which were located on leased premises. As at June 30, 2021, we had 161 ATMs, all of which are on leased/licensed premises.

KEY REGULATIONS AND POLICIES

Given below is an indicative summary of certain sector specific and relevant laws and regulations in India, which are applicable to our Bank. The information detailed in this section has been obtained from publications available in the public domain. The regulations and their descriptions set out below may not be exhaustive and are only intended to provide general information to the bidders and are neither designed nor intended to substitute for professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial or administrative decisions.

The following is an overview of some of the important laws and regulations, which are relevant to our business as an SFB.

BANKING RELATED LEGISLATIONS

Banking Regulation Act, 1949 ("Banking Regulation Act")

Banks in India are required to obtain a license from the RBI to carry on banking business in India. Such license is granted to the bank subject to compliance with certain conditions some of which include that: (i) the bank has or will have the ability to pay its present and future depositors in full as their claims accrue; (ii) the affairs of the bank are not or are not likely to be conducted in a manner detrimental to the interests of present or future depositors; (iii) the bank has adequate capital structure and earnings prospects; (iv) public interest will be served if such a license is granted to the bank; and (v) the general character of the proposed management of the company will not be prejudicial to public interest or the interests of the depositors. The RBI has the power to cancel the license if a bank fails to meet the conditions or if the bank ceases to carry on banking operations in India. Additionally, the RBI has issued various reporting and record-keeping requirements for such commercial banks. The appointment of the auditors of the banks is subject to the approval of the RBI. The RBI can direct a special audit in public interest, or in the interest of the banking company, or in the interest of its depositors. It also sets out the provisions in relation to the loan granting activities of a banking company. The Banking Regulation Act specifies the business activities in which a bank may engage. Banks are prohibited from engaging in other business activities. As per the Banking Regulation Act read with the gazette notification DBR.PSBD. No. 1084/16.13.100/2016-17 dated July 21, 2016, there is a limit of 26% on voting rights in respect of private sector banks. Pursuant to amendments to the Banking Regulation Act in January 2013, private sector banks are permitted, subject to the guidelines framed by the RBI, to issue preference shares in addition to ordinary equity shares.

Further, the Banking Regulation Act, requires any person to seek prior approval of the RBI, to acquire or agree to acquire, directly or indirectly, shares or voting rights of a bank, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in aggregate shareholding of such person to be 5% or more of the paid-up capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank. Further, the RBI may, by passing an order, restrict any person or persons acting in concert with him, holding more than 5% of the total voting rights of all the shareholders of the banking company from exercising voting rights on poll in excess of the said 5%, if such person is deemed to be not fit and proper to hold shares or voting rights, by the RBI. Under the RBI (Prior Approval for Acquisition of Shares or Voting Rights in Private Sector Banks) Directions, 2015, as amended, an existing shareholder who has already obtained prior approval of the RBI for having a "major shareholding" in a private sector bank, need not obtain approval for an additional fresh acquisition resulting up to 10% aggregate shareholding in such bank. However, if the additional acquisition results in an aggregate shareholding that is in excess of 10%, the prior approval of RBI must be obtained. Further, persons with 'major shareholding' shall also periodically report to the concerned bank on continuing to be fit and proper.

Further, the RBI requires the banks to create a reserve fund to which it must transfer not less than 25% of the net profit before appropriations. In terms of Section 17(2) of the Banking Regulation Act, if there is an appropriation from this account or the share premium account, the bank is required to report the same to the RBI within 21 days, explaining the circumstances leading to such appropriation. However, in terms of the RBI circular bearing number DBOD.BP.BC No. 31 / 21.04.018/ 2006-07 dated September 20, 2006, banks are advised in their own interest to take prior approval from the RBI before any appropriation is made from the statutory reserve or any other reserves.

Certain amendments also permit the RBI to establish a 'Depositor Education and Awareness Fund' (the "**Fund**"), which will take over any credit balances in any account in India with a banking company which has not been operated upon for a period of 10 years or any deposit or any amount remaining unclaimed for more than 10 years. The credit balances or any deposit amount shall be credited to the Fund within a period of three months from the expiry of the said period of ten years. The bank shall be liable to repay a depositor or any other claimant at such rate of interest as may be specified by the RBI. In terms of the RBI circular bearing number DoR.DEA.REC.No.16/30.01.002/2021-22 dated May 11, 2021, rate of interest payable by banks to the depositors/claimants on the unclaimed interest bearing deposit amount transferred to the Fund shall be 3 per cent simple interest per annum.

The amendments also confer power on the RBI (in consultation with the central government) to supersede the board of directors of a banking company for a period not exceeding a total period of 12 months, in public interest or for preventing the affairs of the bank from being conducted in a manner detrimental to the interest of the depositors or any banking company or for securing the proper management of any banking company.

The appointment, re-appointment, or termination of the appointment of a chairman, managing director or whole-time director, manager, chief executive officer of a bank shall have effect only if it is made with the prior approval of the RBI. Further, no amendment in relation to the maximum number of permissible directors, remuneration of the chairman, managing director, whole-time director or any other director, manager, chief executive officer shall have effect unless approved by the RBI. RBI is also empowered to remove a chairman, director, chief executive officer or other officer or employee from office on the grounds of public interest, interest of depositors or securing the proper management. Moreover, RBI may order meetings of the board of directors to discuss any matter in relation to the bank, appoint observers to such meetings, make such changes to the management as it may deem necessary, and may also order the convening of a general meeting of the bank's shareholders to elect new directors. Banking companies are restricted from granting loans or advances on the security of its own shares, enter into any commitment for granting any loan or advance to or on behalf of (i) any of its directors; (ii) any firm in which any of its directors is interested as partner, manager, employee or guarantor or (iii) any company which is not a subsidiary of the banking company, a company registered under Section 8 of the Companies Act, 2013, a government company, a subsidiary or a holding company of which any of the directors of the banking company is a director, managing agent, manager, employee or guarantor or in which the director holds substantial interest; or (iv) any individual in respect of whom any of its Directors is a partner or a guarantor.

The RBI may impose penalties on banks, directors and its employees in case of infringement of regulations under the Banking Regulation Act. The penalty may be a fixed amount or may be related to the amount involved in the contravention. The penalty may also include imprisonment of the concerned director or employee. Banks are also required to disclose the penalty in their annual report.

The RBI Act, 1934 ("RBI Act")

The RBI Act provides a framework for supervision of banking firms in India. The RBI Act was passed to constitute a central bank to, *inter alia*, regulate the issue of bank notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country. RBI may, subject to certain conditions, direct the inclusion or exclusion of any bank from the second schedule of the RBI Act. Scheduled banks are required to maintain cash reserves with the RBI. In this regard, RBI may stipulate an average daily balance requirement to be complied with by such banks and may direct that such banks regard a transaction or class of transactions as a liability. Further, RBI may direct any banking company to submit returns for the collection of credit information and may also furnish such information to a banking company upon an application by such company. RBI has the power to impose penalties against any person for inter-alia failure to produce any book, account or other document or furnish any statement, information or particulars which such person is duty-bound to produce or furnish under the RBI Act, or any order, regulation or direction thereunder.

Reserve Bank of India's Guidelines for Licensing of "Small Finance Banks" in the Private Sector dated November 27, 2014 ("SFB Licensing Guidelines")

The RBI issued the SFB Licensing Guidelines and clarifications dated January 1, 2015, for licensing of SFBs in the private sector. The following is an indicative list of guidelines applicable to our Bank:

1. **Registration, licensing and regulations**: An SFB is required to be registered as a public limited company under the Companies Act and licensed under Section 22 of the Banking Regulation Act. The SFB is required to use the words "Small Finance Bank" in its name. SFBs are governed by the provisions of the Banking Regulation Act, RBI Act, FEMA, Payment and Settlement Systems Act, 2007, Credit Information Companies (Regulation) Act, 2005, as amended, Deposit Insurance and Credit Guarantee Corporation Act, 1961, as amended, and other relevant statutes and the directives, prudential regulations and other guidelines/instructions issued by RBI and other regulators from time to time. The SFBs will be given scheduled bank status once they commence their operations and are found suitable as per Section 42(6)(a) of the RBI Act. Pursuant to a notification dated March 28, 2020, titled 'Guidelines for Licensing of Small Finance Banks in Private Sector' dated November 27, 2014 – Modifications to existing norms ("**RBI March 28, 2020 Notification**"), the RBI revised certain requirements under the SFB Licensing Guidelines including, inter alia; (i) providing general permission to all existing SFBs to open banking outlets subject to adherence to unbanked rural centre norms as per RBI circular DBR.No.BAPD.BC.69/22.01.001/2016-17; (ii) exempting all existing SFBs from seeking prior approval of the RBI for undertaking such non risk sharing simple financial service activities, which do not require any commitment of own funds, after three years of commencement of business.

2. **Eligible promoters**: Resident individuals/professionals with ten years of experience in banking and finance and companies and societies owned and controlled by residents will be eligible as promoters to set up SFBs. Existing NBFCs, MFIs and local area banks that are owned and controlled by residents can also opt for conversion into an SFB. However, joint ventures by different promoter groups for the purpose of setting up SFBs would not be permitted. Promoters/ promoter groups should be 'fit and proper', on the basis of their past record of their sound credentials and integrity, financial soundness and successful track record of professional experience or of running their business for at least a period of five years in order to be eligible to promote SFB. Pursuant to the RBI March 28, 2020 Notification, the RBI clarified that the promoters of the existing SFBs could cease to be promoters or could exit from the bank after

completion of a period of 5 years, depending on the RBI's regulatory and supervisory comfort/discomfort and SEBI regulations in this regard at that time.

3. **Scope of activities**: The SFB is required to primarily undertake basic banking activities of acceptance of deposits and lending to unserved and underserved sections and supply of credit to small business units, small and marginal farmers, micro and small industries, and other unorganised sector entities, through high technology-low cost operations. It can also undertake other non-risk sharing simple financial services activities, not requiring any commitment of own fund, such as distribution of mutual fund units, insurance products, pension products, etc. with the prior approval of RBI and after complying with the requirements of the sectoral regulator for such products. The SFB can also become a Category II Authorised Dealer in foreign exchange business for its clients' requirements. It cannot set up subsidiaries to undertake non-banking financial services activities. Further, the other financial and non-financial services activities of the promoters, if any, should be kept distinctly ring-fenced and not comingled with the banking business. The annual branch expansion plans should be compliant with the requirement of opening at least 25% of its branches in unbanked rural centres ("**URC**") (having population of up to 9,999 as per the latest census). Further, there shall not be any restriction in the area of operations of a SFB, however, preference will be given to SFBs who in the initial phase to set up the bank in a cluster of under-banked states/ districts, such as in the North-East, East and Central regions of India. Such SFBs shall not have any hindrance to expand to other regions in due course. It is expected from the SFBs that it shall be primarily responsive to local needs.

4. **Capital requirement**: The minimum paid-up equity capital of an SFB is required to be ₹1,000 million. It shall be required to maintain a minimum capital adequacy ratio of 15% of its risk weighted assets on a continuous basis, subject to any higher percentage as may be prescribed by RBI from time to time. The tier I capital should be at least 7.5% of the risk weighted asset. The tier II capital should be limited to a maximum of 100% of the tier I capital. Further, the capital adequacy ratio should be computed as per the Basel committee's standardised approaches.

5. **Promoter's contribution**: The promoter's minimum initial contribution to the paid-up equity capital of the SFB shall at least be 40% which shall be locked in for a period of five years from the date of commencement of business of the SFB. However, if an existing NBFC, MFI or local area bank has diluted the promoter's shareholding to less than 40% but above 26%, due to regulatory requirements or otherwise, the RBI may not insist on the promoter's minimum initial contribution. Further, the promoter's shareholding should be brought down in prescribed phases. If the initial shareholding of the promoters is more than 40%, it should be brought down to 40% within a period of five years and thereafter to 30% within 10 years and to 26% within 12 years from the date of commencement of business of the SFB. Further, if an SFB reaches the net worth of ₹5,000 million, listing will be mandatory within three years of reaching that net worth.

6. **Foreign shareholding**: Foreign shareholding would be as per the FDI Policy for private sector banks, as amended from time to time. As per the current FDI Policy, foreign direct investment is permitted up to 49% under the automatic route and up to 74% under government route in a private sector Indian bank.

   With effect from April 1, 2020, the aggregate limit for FPI investments shall be the sectoral caps applicable to our Bank (i.e. automatic up to 49% and government route beyond 49% and up to 74%).

7. **Voting rights and transfer/ acquisition of shares**: As per the Banking Regulation Act read with the gazette notification DBR.PSBD. No. 1084/16.13.100/2016-17 dated July 21, 2016, there is a limit of 26% on voting rights in respect of private sector banks. This will also apply to SFBs.

8. **Prudential norms**: The SFB will be subject to all prudential norms and regulations of RBI as applicable to existing commercial banks. Further, the SFB will have to comply with additional conditions/ norms such as extending 75% of its adjusted net bank credit to sectors eligible for classification as priority sector lending by RBI, while 40% of its adjusted net bank credit shall be allocated to different sub-sectors under priority sector lending as per the extant priority sector lending prescriptions, the SFB can allocate the balance of 35% to any one or more sub-sectors under priority sector lending where it has competitive advantage, maximum loan size and investment limit exposure to a single and group obligor being restricted to 10% and 15% of its capital funds, respectively, at least 50% of its loan portfolio should constitute loans and advances of up to ₹2.5 million, etc. However, after the initial stabilisation period of five years, and after a review, RBI may relax the above exposure limits. The SFB is also precluded from having any exposure to its promoters, major shareholders (who have shareholding of 10% of paid-up equity shares in the bank), and relatives (as defined in Section 2 (77) of the Companies Act, 2013 and rules made thereunder) of the promoters as also the entities in which they have significant influence or control (as defined under Accounting Standards AS 21 and AS 23).

9. **Corporate Governance**: The Board of the SFB should have a majority of independent directors. Further, the SFB will have to comply with the corporate governance guidelines including 'fit and proper' criteria for directors as issued by RBI from time to time.

10. **Others**:

- Individuals (including relatives) and entities other than the promoters will not be permitted to have shareholding in excess of 10% of the paid-up equity capital. In case of NBFCs or MFIs converting to an SFB, if shareholding of entities (other than the promoters) in the NBFC is in excess of 10% of the paid-up equity capital, RBI may consider providing time up to 3 years for the shareholding to be brought down to 10%.

- An SFB cannot be a Business Correspondent ("**BC**") for another bank. However, it can have its own BC network.

- A promoter of an SFB cannot be granted licenses for both universal bank and small finance bank even if the proposal is set to them up under the non-operative financial holding company structure.

- If an SFB wishes to transit into a universal bank, it will have to apply to the RBI for such conversion and fulfil the minimum paid-up capital / net worth requirement as applicable to universal banks and also comply with other criteria prescribed in this regard.

- The operations of the bank should be technology driven from the beginning, conforming to generally accepted standards and norms; while new approaches (such as for data storage, security and real time data updating) are encouraged, a detailed technology plan for the same shall be furnished to RBI.

- The compliance of terms and conditions laid down by RBI is an essential condition of grant of licence. Any non-compliance will attract penal measures including cancellation of licence of the bank.

Reserve Bank of India's Operating Guidelines for Small Finance Bank dated October 6, 2016 ("SFB Operating Guidelines")

The SFB Operating Guidelines are supplementary to SFB Licensing Guidelines. The SFB Operating Guidelines came into force considering the differentiated nature of business and financial inclusion focus of SFBs. The SFB Operating Guidelines set out the following:

1. **Prudential Regulation**: The prudential regulatory framework for the SFBs will be largely drawn from the Basel standards. However, given the financial inclusion focus of these banks, it will be suitably calibrated:

   a) **Capital adequacy framework**: The minimum capital requirement is 15%;

   b) **Leverage ratio**: The leverage ratio is 4.5%, calculated as percentage of Tier 1 capital to total exposure; and

   c) **Inter-bank borrowings**: SFBs are allowed exemption from the existing regulatory ceiling of interbank borrowings till the existing loans mature or up to three years, whichever is earlier. Afterwards, it will be on par with scheduled commercial banks. However, the borrowings made by the SFBs after the commencement of its operations shall be subject to inter-bank borrowing limits.

2. **Corporate governance**:

   a) **Constitution and functioning of board of directors**: The extant provisions as applicable to banking companies shall be applicable to SFBs as well. Specifically, in case of entities being converted into SFBs, the existing terms and conditions of appointment of directors will be grandfathered till completion of their present term; and

   b) **Constitution and functioning of committees of the board, management level committees, and remuneration policies**: The extant provisions in this regard as applicable to private sector banks, shall be applicable to SFBs as well.

3. **Banking Operations**:

   a) **Branch authorization policy**: SFBs should follow the extant instructions pertaining to the branch authorization policy applicable to scheduled commercial banks as laid down in the Rationalisation of Branch Authorisation Policy - Revision of Guidelines issued by the RBI on May 18, 2017 and March 28, 2020. SFBs are required to have 25% of their branches in unbanked rural centres within one year from the date of commencement of business. The SFBs are given three years from the date of commencement of the business to align with this requirement, however, during these three years, at least 25% of total number of branches opened by SFBs in a financial year should be in unbanked rural centres.

b) **Regulation of Business Correspondents:** The SFBs may engage all permitted entities including the companies owned by their business partners and own group companies on an arm's length basis as business correspondents These business correspondents can have their own branches managed by their employees operating as "access points" or may engage other entities/persons to manage the "access points" which could be managed by the latter's staff. In such cases, from the regulatory perspective, the SFB will be responsible for the business carried out at the 'access points' and the conduct of all the parties in the chain regardless of the organizational structure including any other intermediaries inserted in the chain to manage the BC network. Further, the Operating Guidelines also provide that the business correspondents must be doing online transactions/using point of sale terminals for doing transactions; and

c) **Bank charges, lockers, nominations, facilities to disabled persons:** The extant provisions applicable to scheduled commercial banks shall be applicable to SFBs as well.

d) **Marginal Cost of funds based lending rate, other related regulations on interest rates and fair practice code for lenders:** The extant provisions applicable to scheduled commercial banks shall be applicable to SFBs as well.

4. **KYC requirements:** At their discretion, SFBs may (like all other banks) decide not to take the wet signature while opening accounts, and instead rely upon the electronic authentication/ confirmation of the terms and conditions of the banking relationship or account relationship keeping in view their confidence in the legal validity of such authentications or confirmations. However, all the extant regulations concerning KYC including those covering the Central KYC registry, and any subsequent instructions in this regard, as applicable to commercial banks, would be applicable to SFBs.

Reserve Bank of India's Master Direction on Priority Sector Lending – Small Finance Banks – Targets and Classification dated September 04, 2020, updated as on June 11, 2021 ("Priority Sector Lending Regulations")

The Priority Sector Lending Regulations have consolidated certain circulars pertaining to issued earlier, including the 'Master Direction on Priority Sector Lending – Small Finance Banks – Targets and Classification' dated July 29, 2019. The Priority Sector Lending Regulations apply to every commercial bank and primary (urban) co-operative bank other than salary earners' bank licensed to operate in India by the RBI. Further, the Priority Sector Lending Regulations requires SFBs to have a target of 75% for PSL of their adjusted net bank credit or credit equivalent of off-balance sheet exposures. Further, for agriculture sector, micro enterprises and advance to weaker sections, the targets are 18%, 7.5% and 12% of the adjusted net bank credit respectively. The sub-target for small and marginal farmers is increased from 9% currently to reach 10% in phased manner by financial year ending 2023-24 and weaker section target from 11% currently to reach 12% in phased manner by financial year ending 2023-24. In addition, certain other changes were made such as change in definition of MSME in line with Government of India (GoI), Gazette Notifications S.O. 2347(E) dated June 16, 2021 and S.O. 2119 (E) dated June 26, 2020 read with circulars RBI/2021-2022/63 FIDD.MSME & NFS.BC.No. 12/06.02.31/2021-22 and RBI/2020-2021/10 FIDD.MSME & NFS.BC.No.3/06.02.31/2020-21 read with FIDD.MSME & NFS. BC. No.4 /06.02.31/2020-21 dated July 2, 2020, August 21, 2020 respectively on 'Credit flow to Micro, Small and Medium Enterprises Sector' and updated from time to time.

Reserve Bank of India's Press Release 'Statement on Developmental and Regulatory Policies' dated October 9, 2020

The press release has now revised the limit for risk weight for regulatory retail portfolio to ₹7.5 crores from ₹5 crores, for individuals and small businesses with turnover up to INR 50 crore, in respect of all fresh as well as incremental qualifying exposures. Further, the RBI issued another circular – DOR.No.BP.BC.23/21.06.201/2020-21, dated October 12, 2020 clarified that the risk weight of 75 per cent will apply to all fresh exposures and also to existing exposures where incremental exposure may be taken by the banks up to the revised limit of ₹7.5 crores. The other exposures shall continue to attract the normal risk weights as per the extant guidelines.

In respect of payment and settlement systems, the Real Time Gross Settlement System ("**RTGS**") will be available 24x7 on all days with effect from December 2020.

Lastly, the RBI issued notification – DOR. No.BP.BC.24/08.12.015/2020-21, dated October 16, 2020 titled "Individual Housing Loans – Rationalisation of Risk Weights", to rationalise the risk weights for all housing loans, irrespective of the amount, sanctioned on or after October 16, 2020 and up to March 31, 2022, the risk weight shall be 35% if Loan to Value Ratio (**"LTV"**) is less than or equal to 80%, and 50% if LTV is above 80% but less than or equal to 90%.

Reserve Bank of India's Press Release 'Statement on Developmental and Regulatory Policies' dated February 5, 2021

As a measure during the peak of the COVID-19 pandemic, the cash reserve ratio ("**CRR**") of all banks was reduced by 100 basis points to 3.0 per cent of net demand and time liabilities ("**NDTL**") effective from the reporting fortnight beginning March 28, 2020 up to March 26, 2021. On a review of monetary and liquidity conditions, it has been decided to gradually restore the CRR in two phases in a non-disruptive manner. Banks would now be required to maintain the CRR at 3.5 per cent of NDTL effective from the reporting fortnight beginning March 27, 2021 and 4.0 per cent of NDTL effective from fortnight beginning May 22, 2021. Previously under the press release dated March 27, 2020 'Statement on Developmental and Regulatory Policies' banks were allowed to avail of funds under the marginal standing facility by dipping into the Statutory Liquidity Ratio ("**SLR**") up to an additional one per cent of NDTL, i.e., cumulatively up to 3 per cent of NDTL. This facility, which was initially available up to June 30, 2020 was later extended in phases up to March 31, 2021 and is now further extended up to September 30, 2021.

The notification dated February 5, 2021 'Basel III Framework on Liquidity Standards – Net Stable Funding Ratio ("**NSFR**")", the implementation of NSFR by banks in India had been deferred to April 1, 2021. While banks are comfortably placed on the liquidity front, in view of the continued stress on account of COVID-19, it has been decided to defer the implementation of NSFR to October 1, 2021.

Reserve Bank of India's Compendium of Guidelines for Small Finance Banks – Financial Inclusion and Development dated July 6, 2017

Considering the differentiated nature of business and financial focus of the SFBs and taking into account the important role that SFBs can play in the supply of credit to micro and small enterprises, agriculture and banking services, the RBI issued a specific compendium of guidelines for SFBs on areas relating to financial inclusion and development. SFBs are required to open at least 25% of its branches in unbanked rural centres. The identified priority sectors are agriculture, MSMEs, export credit, education, housing, social infrastructure, renewable energy and certain categories of loans identified therein. SFBs will have a target of 75% for priority sector lending of their adjusted net bank credit.

Reserve Bank of India's Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function Staff dated November 4, 2019 ("RBI Compensation Guidelines")

The Financial Stability Board brought out a set of Principles titled 'The Financial Stability Board Principles for Sound Compensation Practices, 2009', dated April 2, 2009 ("**FSB Principles**") and Implementation Standards titled 'FSB Principles for Sound Compensation Practices-Implementation Standards', dated September 25, 2009 with an aim to ensure effective governance of compensation, alignment of compensation with prudent risk taking and effective supervisory oversight and stakeholder engagement in compensation. The FSB Principles have been endorsed by the G-20 countries and the Basel Committee on Banking Supervision ("**BCBS**") which has published remuneration related reports and disclosure requirements. Pursuant to the stipulations in the reports and disclosure requirements published by BCBS, the RBI issued the RBI Compensation Guidelines which are based on the FSB Principles and are applicable to all private sector banks (including small finance banks) and foreign banks operating in India. In line with the FSB Principles banks are required to take steps to implement certain guidelines by putting in place necessary policies/systems. These guidelines include, *inter alia*, formulation of a compensation policy, constitution of nomination and remuneration committee, alignment of compensation of whole-time directors / chief executive officers and material risk takers with prudent risk taking etc. All applications for approval of appointment/re-appointment or approval of remuneration/revision in remuneration of whole-time directors/chief executive officers shall be submitted to the RBI with the details as prescribed in the guidelines. These guidelines shall be applicable for pay cycles beginning from/after April 1, 2020. Further, pursuant to RBI clarification dated August 30, 2021 to the RBI Compensation Guidelines, it was clarified that share-linked instruments are required to be fair valued on the date of grant using Black-Scholes model and a clarificatory language was included to the guidelines in relation to the same. Additionally, pursuant to the Master Direction on Financial Statements - Presentation and Disclosures dated August 30, 2021, banks are required to make disclosure on remuneration of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers on an annual basis at the minimum, in their Annual Financial Statements in table or chart format for previous as well as the current reporting year. It was also clarified that private sector banks are also required to disclose remuneration paid to the non-executive directors on an annual basis at the minimum, in their annual financial statements.

Reserve Bank of India's Guidelines on Compensation of Non-executive Directors of Private Sector Banks dated June 1, 2015

The board of directors of a private sector bank, in consultation with its remuneration committee, is required to formulate and adopt a comprehensive compensation policy for non-executive directors (other than part-time non-executive Chairman), subject to the requirements prescribed under the Companies Act, 2013. The Board may, at its discretion, provide for in the policy, payment of compensation in the form of profit related commission to the non-executive directors (other than the Part-time Chairman), subject to bank making profits. Such compensation, however, shall not exceed ₹1.00 million per annum for each non-executive director. In addition to the directors' compensation, the bank may pay sitting fees to the non-executive directors and reimburse their expenses for participation in the board and other meetings. Further, all private sector banks are required to obtain prior approval of RBI for granting remuneration to the part-time non-executive Chairman under Section 10B(1A)(i) and 35B of the Banking Regulation Act. Pursuant to the the Master Direction on Financial Statements - Presentation and Disclosures dated August 30, 2021, the private sector banks are also required to disclose remuneration paid to the non-executive directors on an annual basis at the minimum, in their annual financial statements.

Reserve Bank of India's Master Circular - Mobile Banking Transactions in India- Operative Guidelines for Banks dated July 1, 2016, updated as on January 10, 2020 ("Mobile Banking Transaction-Operative Guidelines")

The Mobile Banking Transaction Operative Guidelines contains all rules, regulations and procedures prescribed to be followed by banks for operationalizing mobile banking in India. Banks which are licensed, supervised and have physical presence in India are permitted to offer mobile banking services after obtaining one-time RBI approval. Only banks who have implemented core banking solutions are permitted to provide mobile banking services. Banks are required to put in place a system of registration of customers for mobile banking. Further, to meet the objective of a nation-wide mobile banking framework, facilitating inter-bank settlement, a robust clearing and settlement infrastructure operating on a 24x7 is mandated. Pending creation of such a national infrastructure, bank and non-bank entities may enter into bilateral or multilateral arrangement for inter-bank settlements, with express permission from the RBI, unless such arrangements have been authorized by the RBI under the Payment and Settlement System Act, 2007.

Reserve Bank of India's Master Direction - Know Your Customer (KYC) Direction, 2016 dated February 25, 2016, updated as on May 10, 2021 ("KYC Directions")

KYC Directions are applicable to every entity regulated by RBI specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. The KYC Directions also prescribe detailed instructions in relation to, *inter alia*, the due diligence of customers, record management and reporting requirements (such as the details of the person designated by the board of directors as a designated director etc.,) to Financial Intelligence Unit – India. The RBI, pursuant to a circular dated January 9, 2020 titled Amendment to Master Direction (MD) on KYC read with the amended KYC Directions dated April 20, 2020, has provided that all regulated entities shall develop an application to enable a video based customer identification process i.e. digital KYC process at customer touchpoints, of their customers. It also inserted directions for Regulated entities to assess 'Money Laundering' and 'Terrorist Financing' risk for clients, transactions or delivery channels, products, services etc. and take measures to mitigate the same on a risk based approach. The outcome of this exercise shall be put up to the Board or any committee of the Board formed in this regard and shall be made available to competent authorities and self-regulating bodies.

Reserve Bank of India's Master Circular on Prudential norms on income recognition, asset classification and provisioning pertaining to advances dated July 1, 2015 ("Master Circular on Prudential Norms")

The RBI, pursuant to its "Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances" issued on July 1, 2015, classifies NPAs into (i) sub-standard assets; (ii) doubtful assets; and (iii) loss assets. The circular also specifies provisioning requirements specific to the classification of the assets.

In July 2005, the RBI issued guidelines on sales and purchases of NPAs between banks, financial institutions and NBFCs. However, as per SFB Operating Guidelines, while SFBs are permitted to sell NPAs, they are not permitted to purchase NPAs. These guidelines require that the board of directors of a bank must establish a policy for purchases and sales of NPAs. An asset must have been classified as non-performing for at least two years by the seller bank to be eligible for sale. In October 2007, the RBI issued guidelines regarding valuation of NPAs being put up for sale.

Reserve Bank of India's Circular on Automation of Income Recognition, Asset Classification and Provisioning processes in banks dated September 14, 2020

The RBI, pursuant to a circular dated August 4, 2011 advised banks, inter alia, to have appropriate IT system in place for identification of NPAs and generation of related data/returns, both for regulatory reporting and bank's own MIS requirements. In order to ensure the completeness and integrity of the automated asset classification (classification of advances/investments as NPA/NPI and their upgradation), provisioning calculation and income recognition processes, RBI under this circular advised banks to put in place / upgrade their systems latest by June 30, 2021. The circular extends the "coverage" to automated IT based systems, asset classification, calculation of provisioning requirements, income recognition/derecognition without any manual intervention. The circular also provides exceptions where the banks may resort to manual interventions/ over-ride the system based asset classification subject to the various conditions including two level authorisation, appropriate audit trials and subjected to audit by concurrent and statutory auditors. Further, the bank is required to maintain logs of such manual intervention/ over-rides for a minimum period of three years. Banks are allowed to draw up their own standard operating procedure for system based NPA classification. The circular provides baseline requirements for the NPA classification and banks are required to adhere to the instructions while designing and maintaining their system as a part of supervisory assessment. In case of non-compliance with the instructions suitable supervisory/enforcement action can be initiated against the concerned bank.

Reserve Bank of India's (Prudential Framework for Resolution of Stressed Assets) Directions 2019 dated June 07, 2019 ("Framework for Resolution of Stressed Assets")

The RBI laid down directions under the Framework for Resolution of Stressed Assets with a view to aid early recognition, reporting and time bound resolution of stressed assets. The framework provided for entails a stage wise resolution plan which includes (a) early identification and reporting of stress; (b) Implementation of resolution plan; (c) implementation conditions for the resolution plan; (d) delayed implementation of resolution plan.

Stressed assets shall be recognised by incipient stress in loan accounts immediately or default, by classifying such assets as special mention accounts which would further be categorised based on the number of days since the default has occurred. Following this, the resolution plan formulated by the Board of the Bank would become applicable.

Reserve Bank of India's Master Direction – Ownership in Private Sector Banks, Directions, 2016 dated May 12, 2016

The Reserve Bank of India issued master directions for ownership in private sector banks in May 2016. The directions are applicable to all private sector banks licensed by RBI to operate in India. Under the directions, shareholders are now categorized as natural persons (individuals) and legal persons (entities/institutions) for the purposes of ownership limits in the longer run. Non-financial and financial institutions, and among financial institutions, diversified and non-diversified financial institutions shall have separate limits for shareholding.

The limits for shareholding are as follows: (i) in the case of individuals and non-financial entities (other than promoters/promoter group), the limit shall be 10% of the paid-up capital. However, in case of promoters being individuals and non-financial entities in existing banks, the shareholding shall be 15% of the paid-up capital, (ii) for entities in the financial sector, other than regulated or diversified or listed, the limit shall be at 15% of the paid-up capital, (iii) in case of 'regulated, well diversified, listed entities from the financial sector' and shareholding by supranational institutions or public sector undertaking or Government undertaking, a uniform limit up to 40% of the paid-up capital is permitted for both promoter/ promoter group and non-promoters, and (iv) higher stake/strategic investment by promoters/non-promoter through capital infusion by domestic or foreign entities/institution shall be permitted on a case to case basis under circumstances such as relinquishment by existing promoters, rehabilitation/ restructuring of problem/ weak banks/ entrenchment of existing promoter or in the interest of the bank or in the interest of consolidation in the banking sector.

A period of 12 years from the date of commencement of business of the bank shall be available for the promoters/ promoter group or Non-Operative Financial Holding Company ("**NOFHC**") in cases where dilution to a lower level of shareholding is required for compliance with the specified limits. Acquisition of shareholding in a private sector bank shall be subject to the applicable FDI Policy, with the aggregate foreign investment in private sector banks not exceeding 74% of the paid-up capital. The directions further prescribe that banks (including foreign banks having branch presence in India) shall not acquire any fresh stake in a bank's equity shares, if by such acquisition, the investing bank's holding is 10% or more of the investee bank's equity capital. However, RBI may permit a higher level of shareholding by a bank in exceptional cases.

Reserve Bank of India's Master Direction – Issue and Pricing of shares by Private Sector Banks, Directions, 2016 dated April 21, 2016

The RBI issued master directions for issue and pricing of shares by private sector banks on April 21, 2016. The directions are applicable to all private sector banks licensed by RBI to operate in India. Under the directions, "private sector banks" have been defined as banks licensed to operate in India under the Banking Regulation Act other than urban co-operative banks, foreign banks and banks licensed under specific statutes. Under the directions, a private sector bank, both listed and unlisted, has general permission for issue of shares by way of public issues (initial public offer, further public offer), private placement (preferential issue, qualified institutional placement), rights issue and bonus issue, subject to compliance with applicable laws such as FEMA and extant foreign investment policy of the GoI for private sector banks, provisions of the Companies Act, and the relevant SEBI guidelines, the RBI master directions dated November 19, 2015 on Prior Approval for Acquisition of Shares or Voting Rights in Private Sector Banks which requires investors to obtain specific prior approval of RBI if the proposed acquisition results in aggregate holding of 5 per cent or more of the paid-up capital of the bank and reporting of complete details of the issue to RBI such as date of issue, details of the type of issue, issue size, details of pricing, number and names of allottees, post allotment shareholding position etc., along with a copy of the board/ annual general meeting resolution and prospectus/ offer document in the prescribed format.

Reserve Bank of India's Guidelines for 'on tap' Licensing of Small Finance Banks in the Private Sector dated December 5, 2019 ("On-Tap Licensing Guidelines")

The RBI had, post review of the performance of existing small finance banks, issued the Draft Guidelines for 'on tap' Licensing of Small Finance Banks in the Private Sector dated September 13, 2019, to encourage competition amongst small finance banks, and subsequently, post consideration of responses received, issued the On-Tap Licensing Guidelines on December 5, 2019. Pursuant to the On-Tap Licensing Guidelines, the following are eligible promoters: (i) resident individuals/ professionals (Indian citizens), singly or jointly, each having at least 10 years of experience in banking and finance at a senior level; and (ii) companies and societies in the private sector, that are owned and controlled by residents (as defined in FEMA Regulations, as amended from time to time), and have a successful track record of running their businesses for at least a period of five years. Further, existing NBFCs, micro finance institutions and local area banks in the private sector that are controlled by residents (as defined in FEMA Regulations, as amended from time to time), and have a successful track record of running their businesses for at least a period of five years, can opt for conversion into SFBs after complying with applicable law. Promoters/promoter groups should be 'fit and proper' with, amongst other things, past record of sound credentials and integrity, financial soundness, a successful track record of professional experience or of running their business for at least a period of five years in order to be eligible to promote SFB. The SFB is required to be registered as a public limited company under the Companies Act and licensed under the Banking Regulation Act. The minimum net worth of such small finance banks shall be ₹1000 million from the date of commencement of business. However, they will have to increase their minimum net worth to ₹2000 million within five years from the date of commencement of business. Further, the SFB is required to maintain a paid-up voting equity capital of ₹2,000 million, which certain exceptions, such as in case of SFBs which are transited from Primary (Urban) Co-operative Banks ("**UCBs**"), or converted from NBFCs/MFIs etc., for which the requirement is separately set out.

Further, promoters are required to hold a minimum of 40% of the paid-up voting equity capital of the SFB, which shall be locked-in for a period of five years from the date of commencement of business of the bank. Such shareholding is required to be reduced to a maximum of 30% and 15% of the paid-up voting equity capital within 10 years and 15 years, respectively, from the date of commencement of business of the SFB. Furthermore, SFBs are required to be mandatorily listed within three years of reaching a net worth of ₹5,000 million. The SFB will be subject to all prudential norms and regulations of the RBI as applicable to existing commercial banks.

Reserve Bank of India's Circular on Risk Based Internal Audit (RBIA) Framework – Strengthening Governance Arrangements dated January 07, 2021

Pursuant to the guidance note on Risk-Based Internal Audit dated December 27, 2002 issued the RBI, under which it was required to put in place a risk based internal audit (RBIA) system as part of their internal control framework that relies on a well-defined policy for internal audit, functional independence with sufficient standing and authority within the bank, effective channels of communication, adequate audit resources with sufficient professional competence, among others. In an effort to stay with the evolving best practices, under this circular, banks are encouraged to adopt the International Internal Audit standards, like those issued by the Basel Committee on Banking Supervision (BCBS) and the Institute of Internal Auditors (IIA). To bring in uniformity to the approach of the Internal Audit Function, banks are advised to follow directions given on, authority, stature and independence, competence, staff rotation, tenor for appointment of head of internal audit, reporting line and remuneration. Lastly, the internal audit function shall not be outsourced. However, where required, experts, including former employees, could be hired on contractual subject to the audit committee of the board being assured that such expertise does not exist within the audit function of the bank.

Reserve Bank of India's Master Direction – Call, Notice and Term Money Markets Directions, 2021, dated April 1, 2021, updated as on June 25, 2021

The RBI issued master directions for participating in call, notice and term money markets on April 1, 2021. The directions are applicable to banks as defined under the Banking Regulation Act. Under the directions, "banks" have been defined as banking company (including a payment bank and a small finance bank) or a regional rural bank, a corresponding new bank or State Bank of India or a cooperative bank as defined under the Banking Regulation Act. Under the directions, participants shall be eligible to participate in the call, notice and term money markets, both as borrowers and lenders. The term "participants" have been defined to include scheduled commercial banks (excluding local area banks), payment banks, small finance banks, regional rural banks, state co-operative banks, district central co-operative banks and urban co-operative banks (hereinafter co-operative banks), and primary dealers. Prudential limits for outstanding lending transaction shall be decided by the participants with the approval of their board within the regulatory framework of the exposure norms prescribed by the Department of Regulation of the RBI. Prudential limits for outstanding borrowing transactions for scheduled commercial banks have been specified as (i) 100% of capital funds, on a daily average basis in a reporting fortnight, (ii) 125% of capital funds on any given day for call and notice money and internal board approved limit within the prudential limits for inter-bank liabilities, for term money. Further, the directions also specify provisions for cancellation and termination of transaction, reporting requirements of call, notice and term money transactions and the obligations of persons or agencies dealing in the call, notice and term money markets, including eligible participants to provide information sought by the RBI.

Reserve Bank of India's Circular on Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board dated April 26, 2021

The RBI pursuant to issue of discussion paper on 'Governance in Commercial Banks in India' dated June 11, 2020, issued these instructions with regards to the chair and meetings of the board, composition of certain committees of the board, age, tenure and remuneration of directors, and appointment of the whole-time directors. The revised instructions are applicable to all the private sector banks including small finance banks and wholly owned subsidiaries of foreign banks. As per the circular, the chair of the board ('**Chair**') shall be an independent director and in the absence of Chair, the meetings of the board shall be chaired by an independent director. The circular also specifies the composition of various committees of the board including audit committee, risk management committee, and nomination and remuneration committee. The age and tenure and the remuneration of non-executive directors and tenure of managing director, chief executive officer and whole time directors have also been provided. Further, to enable smooth transition to the revised requirements, banks are permitted to comply with these instructions latest by October 1, 2021. Specifically (i) the chair of board who is not an independent director on the date of issue of this circular is allowed to complete the current term as chair as already approved by the RBI and (ii) banks with MD & CEOs or WTDs who have already completed 12/15 years as MD & CEO or WTD, on the date these instructions coming to effect, are allowed to complete their current term as already approved by the RBI.

In addition to sitting fees and expenses related to attending meetings of the board and its committees as per extant statutory norms/ practices, the bank may provide for payment of compensation to non-executive directors in the form of a fixed remuneration commensurate with an individual director's responsibilities and demands on time and which are considered sufficient to attract qualified competent individuals. However, such fixed remuneration for an non-executive directors, other than the Chair of the board, shall not exceed ₹2 million per annum

Reserve Bank of India's Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021

The RBI issued the guideline for appointment/re-appointment of SCAs/ SAs of the entities on April 27, 2021 superseding all the previous guidelines as annexed in the guidelines. The guidelines are applicable to commercial banks (excluding RRBs), UCBs and NBFCs including HFCs for financial year 2021-22 and onwards. UCBs and NBFCs shall have the flexibility to adopt the guidelines from second half of financial year 2021-22 in order to ensure that there is no disruption. Under the guidelines, Commercial Banks and UCBs will be required to take prior approval of RBI for the appointment of SCAs/ SAs on annual basis. It also specifies the maximum number of SCAs/ SAs to be appointed by the board based on the asset size of the entity. Entities are required to appoint audit firms as it SCAs/ SAs fulfilling the eligibility norms and independence of auditors requirements as prescribed under these directions. Other criteria's including professional standards for discharge of audit responsibilities, tenure and rotation, and audit fees and expenses for SCAs/ SAs have been provided. Each entity is required to formulate a board approved policy to be hosted on its official website/ public domain and formulate necessary procedure thereunder to be followed for appointment of SCAs/ SAs.

The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 ("RDDBFI Act")

The RDDBFI Act was enacted for adjudication of disputes pertaining to debts due to banks and financial institutions exceeding ₹2.00 million. The RDDBFI Act provides for the constitution of debt recovery tribunals before which banks and financial institutions may file applications for recovery of debts. Further, no court or other authority, except the Supreme Court or a High Court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, shall have, or is entitled to exercise, any jurisdiction, powers or authority in relation to the aforementioned matter. The tribunals may pass orders for directions including *inter- alia* recovery of such dues by the bank as may be deemed fit along with a recovery certificate to such effect from the presiding officer of the respective tribunal; attachment of the secured properties towards the dues to the bank: injunctive orders restraining the debtors from alienating, transferring or disposing of such secured properties; appointment of receivers and/or local commissioners with respect to such secured properties and distribution of proceeds from sale of such secured properties towards dues. Pursuant to the recovery certificate being issued, the recovery officer of the respective debt recovery tribunal shall effectuate the final orders of the debt recovery tribunal in the application. Unless such final orders of the debt recovery tribunal have been passed with the consent of the parties to an application, an appeal may be filed against such final orders of the debt recovery tribunal before the debt recovery appellate tribunal, which is the appellate authority constituted under the RDDBFI Act.

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

The SARFAESI Act governs securitization of financial assets in India. The SARFAESI Act provides that any securitization or reconstruction company may acquire the financial assets of a bank or financial institution by either entering into an agreement with such bank or financial institution for the transfer of such assets to the company or by issuing a debenture or bond or any other security in the nature of the debenture, for consideration, as per such terms and conditions as may be mutually agreed between them. The SARFAESI Act further provides that if the bank or financial institution is a lender in relation to any financial assets acquired by the securitization/reconstruction company as stated above, then such company shall be deemed to be the lender in relation to those financial assets. Further, upon such acquisition, all material contracts entered into by the bank or financial institution, in relation to the financial assets, shall also get transferred in favour of the securitization/reconstruction company. The SARFAESI Act also enables banks and notified financial institutions to enforce the underlying security of an NPA without court intervention. Pursuant to an asset being classified as an NPA, the security interest can be enforced as per the procedure laid down in the Security Interest Enforcement Rules, 2002.

The Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018, updated as on November 28, 2019 ("Repo Directions")

The Repo Directions are applicable to repurchase transactions undertaken on stock exchanges, electronic trading platforms authorised by the RBI and over-the-counter market. The securities eligible for repurchase under the Repo Directions are government securities, listed corporate bonds and debentures subject to the condition that no participant shall borrow against the collateral of its own securities, or securities issued by a related entity, commercial papers, certificate of deposits, units of Debt Exchange Traded Funds and other such securities of a local authority as prescribed by the Central Government. Eligible participants include any regulated entity, listed corporate, unlisted company which has been issued special securities by the Government of India, using only such special securities as collateral, All India Financial Institution viz. Exim Bank, NABARD, NHB and SIDBI and any other entity approved by the Reserve Bank from time to time for this purpose. The Repo Directions prescribes the eligibility criteria, roles and obligations, application procedure for authorisation and exit procedure for tri-party agents. The Repo Directions provide that a repo shall be undertaken for a minimum period of one day and a maximum period of one year.

The Banking Ombudsman Scheme, 2006, as amended up to July 1, 2017 ("Ombudsman Scheme")

The Ombudsman Scheme provides the extent and scope of the authority and functions of the Banking Ombudsman for redressal of grievances against deficiency in banking services, concerning loans and advances and other specified matters. All scheduled commercial banks, regional rural banks and scheduled primary co-operative banks are covered under the Ombudsman Scheme. On July 1, 2017, the Ombudsman Scheme was amended to widen the scope of the scheme, *inter alia*, to deficiencies arising out of sale of insurance/mutual fund/ other third party investment products by banks and now permitted customer to lodge a complaint against the bank for non-adherence to RBI instructions with regard to mobile banking/electronic banking services. The amended Ombudsman Scheme also provided for revised procedures for redressal of grievances by a complainant under the Ombudsman Scheme and increased the pecuniary jurisdiction of the Banking Ombudsman. The Banking Ombudsman receives and considers complaints relating to the deficiencies in banking or other services filed on the grounds mentioned in clause 8 of the Ombudsman Scheme and facilitates their satisfaction or settlement by agreement or through conciliation and mediation between the bank concerned and the aggrieved parties or by passing an Award in accordance with the Ombudsman Scheme.

Prevention of Money Laundering Act, 2002 ("PMLA")

In order to prevent money laundering activities, the PMLA was enacted which seeks to prevent money laundering and to provide for confiscation of property derived from, or involved in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA casts certain obligations on, *inter alia*, banking companies in relation to preservation and reporting of customer account information. The RBI has advised all banks to go through the provisions of the PMLA and the rules notified thereunder and to take all steps considered necessary to ensure compliance with the requirements of section 12 of the PMLA.

In view of transactions in virtual currencies, RBI pursuant to a notification - DOR. AML.REC 18 /14.01.001/2021-22 dated May 31, 2021, titled "Customer Due Diligence for transactions in Virtual Currencies", notified banks to continue carrying out customer due diligence processes in line with regulations governing standards for KYC, Anti-Money Laundering, Combating of Financing of Terrorism and obligations of regulated entities under PMLA in addition to ensuring compliance with FEMA for overseas remittances.

Ministry of Finance circular dated October 23, 2020 in relation to scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts

In view of the COVID-19 pandemic, the Ministry of Finance, Government of India has, pursuant to circular dated October 23, 2020, approved a scheme for grant of *ex-gratia* payment of difference between compound interest and simple interest by way of reliefs for the six months period from March 1, 2020 to August 31, 2020, to borrowers in specified loan accounts ("**Scheme**"), benefits of which would be routed through lending institutions. The Scheme is applicable to all lending institutions, including, *inter alia*, banking companies, public sector banks, NBFCs and housing finance companies. Borrowers in the following segments, who have loan accounts having sanctioned limits and outstanding amount not exceeding ₹2 crore as on February 29, 2020 shall be eligible under the Scheme, subject to certain conditions, namely (i) MSME loans; (ii) education loans; (iii) housing loans; (iv) consumer durable loans; (v) credit card dues; (vi) automobile loans; (vii) personal loans of professionals; and (viii) consumption loans. Under the Scheme, lending institutions can claim reimbursement in respect of the amounts credited to the accounts of the eligible borrowers, in the manner set out under the operational guidelines of the Scheme.

Report on the Internal Working Group to Review Extant Ownership Guidelines and Corporate Structure for Indian Private Sector Banks, 2020 dated November 20, 2020 ("IWG Report")

The RBI pursuant to a press release dated November 20, 2020 released the IWG Report, with the aim to bring uniformity of norms in extant licensing and regulatory guidelines relating to ownership and control, corporate structure, and other related issues. The RBI's Internal Working Group has made recommendations which have implications on SFBs. These include, *inter-alia*, (i) cap on Promoters' holding at 26% of the paid-up voting equity share capital of the bank in the long run (i.e. 15 years). Additionally, the IWG Report proposes a dispensation of the requirement of sub-targets (between 5 to 15 years) for dilution of Promoters' holding, and uniform cap of 15% of paid-up voting equity share capital of the bank for non-promoter shareholders in long run; (ii) proposal for the existing SFBs to be mandatorily listed within 6 years of reaching net worth of INR 500 crores or 10 years from commencement of operations, whichever is earlier; and (iii) bar on creation of any pledge of shares by the promoters, during the lock-in period, which results in insufficient unencumbered shares to meet lock-in requirements. Further, voting rights emanating from any invocation of pledge, which results in transfer/purchase of 5% of total shareholding of the bank, without prior approval from RBI are proposed to be restricted until the pledgee receives the approval of the RBI.

The recommendations of this report will come into effect, after its adoption by the RBI.

RBI Regulatory Framework in light of COVID-19

In view of the recent outbreak of the COVID-19 pandemic, the RBI has issued various circulars and other regulatory frameworks and relaxations to taken / to be availed by the respective banks to deal with the disruptions caused by the COVID-19 pandemic.

The RBI *vide* its circular dated March 16, 2020, has provided an indicative list of actions to be taken by the banks as part of their operations and business continuity plans including inter alia take steps of sharing important instructions/ strategy with the staff members at all levels and sensitizing the staff members about preventive measures/steps to be taken in suspected cases, based on the instructions received from health authorities, from time-to-time, encourage their customers to use digital banking facilities, as far as possible, take stock of critical processes and revisiting BCP in the emerging situations/scenarios with the aim of continuity in critical interfaces and preventing any disruption of services, due to absenteeism either driven by the individual cases of infections or preventive measures.

The RBI *vide* its circular dated May 23, 2020 has permitted the lending institutions to extend the Moratorium Period on payment of all instalments in respect of term loans (including agricultural term loans, retail and crop loans) by another three months i.e. from June 1, 2020 to August 31, 2020. In relation to working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions are permitted to allow a deferment of another three months, from June 1, 2020 to August 31, 2020, on recovery of interest applied in respect of all such facilities. In respect of such working capital facilities, lending institutions are permitted, at their discretion, to convert the accumulated interest for the deferment period up to August 31, 2020, into a funded interest term loan which shall be repayable not later than March 31, 2021. As mentioned above, such changes will not be treated as concessions granted due to 'financial difficulty' of the borrower under the Prudential Framework and consequently, availing such a measure, will not, by itself, result in asset classification downgrade.

In respect of such working capital facilities sanctioned in the form of CC/OD to borrowers facing stress on account of the economic fallout of the pandemic, lending institutions may, as a one-time measure,

i. recalculate the 'drawing power' by reducing the margins till August 31, 2020. However, in all such cases where such a temporary enhancement in drawing power is considered, the margins shall be restored to the original levels by March 31, 2021; and/or,

ii. review the working capital sanctioned limits upto March 31, 2021, based on a reassessment of the working capital cycle.

The above measures under the RBI circular dated May 23, 2020, shall be contingent on the lending institutions satisfying themselves that the same is necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19. Lending institutions may, accordingly, put in place a Board approved policy to implement the above measures.

The RBI has also issued a notification on August 6, 2020 titled "Resolution Framework for COVID-19-related Stress" ("**Resolution Framework - 1.0**"). Under this Resolution Framework – 1.0, lending institutions are required to frame policies, as approved by their board of directors, for implementation of viable resolution plans for eligible borrowers pursuant to the Resolution Framework – 1.0 and ensure that the resolution plans under this facility are extended only to borrowers bearing stress on account of the COVID-19 pandemic. Pursuant to the Master Direction on Financial Statements - Presentation and Disclosures dated August 30, 2021, ("**Directions**"), the provisions relating to required disclosures in the financial statements have been repealed. As per the Directions, the lending institutions are now required to make disclosures in the format prescribed in the Directions every half-year, i.e., in the financial statements as on September 30 and March 31, starting from the half-year ending September 30, 2021 till all exposures on which resolution plan was implemented are either fully extinguished or completely slip into NPA, whichever is earlier.

The RBI *vide* its circular dated August 6, 2020, with a view to continue the need to support the viable MSME entities on account of the fallout of COVID-19 and to align these guidelines with the Resolution Framework - 1.0 announced for other advances, decided to extend the scheme permitted in terms of the aforesaid circular. Accordingly, existing loans to MSMEs classified as 'standard' can be restructured without a downgrade in the asset classification, subject to certain conditions.

Further, the RBI also issued notification on May 5, 2021 titled "Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" ("**Resolution Framework - 2.0**"). Under this, the lending institutions are permitted to offer a limited window to individual borrowers and small businesses to implement resolution plans in respect of their credit exposures while classifying the same as Standard. The RBI in its notification on June 4, 2021, had revised the threshold for aggregate credit exposure with respect to resolution of advances to individuals and small businesses. The Resolution Framework – 2.0 also permits lending institutions to review the working capital sanctioned limits and / or drawing power based on a reassessment of the working capital cycle, reduction of margins, etc. without the same being treated as restructuring. Lending institutions also needs to comply with the disclosures and credit reporting requirements pursuant to the Resolution Framework – 2.0.

The RBI vide its circular dated April 17, 2020 on "COVID-19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets" read with COVID19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets" dated May 23, 2020, provided detailed instructions in relation to the extension of resolution timelines under the Prudential Framework on Resolution of Stressed Assets. In respect of accounts which were within the review period as on March 1, 2020, the period from March 1, 2020 to August 31, 2020 shall be excluded from the calculation of the 30-day timeline for the review period. In respect of all such accounts, the residual review period shall resume from September 1, 2020, upon expiry of which the lenders shall have the usual 180 days for resolution. In respect of accounts where the review period was over, but the 180-day resolution period had not expired as on March 1, 2020, the timeline for resolution shall get extended by 180 days from the date on which the 180-day period was originally set to expire.

In order to accommodate the burden on banks' cash flows on account of the Covid-19 pandemic, the RBI vide its circular dated April 17, 2020, has permitted banks to maintain liquidity coverage ratio as under: (i) April 17, 2020 to September 30, 2020 – 80%; (ii) October 1, 2020 to March 31, 2021 – 90%; and (iii) April 1, 2021 onwards – 100%.

The RBI vide its circular dated April 29, 2020 has extended the timelines for submission of various regulatory returns by RBI regulated entities to the Department of Regulation by a period of 30 days from the due date in lieu of the disruptions caused by the pandemic. The extension will be applicable to regulatory returns required to be submitted upto June 30, 2020. No extension in timeline is permitted for submission of statutory returns i.e. returns prescribed under the Banking Regulation Act, RBI Act, 1934 or any other act (for instance, returns related to CRR/SLR). Further, all communication to the Department of Regulation should be through corporate e-mail to the extent possible (i.e., without involving physical movement of papers) until further notice

Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package, dated April 7, 2021

The notification is pursuant to the Supreme Court of India has pronounced its judgement in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors. ("**Judgement**") and other connected matters on March 23, 2021. Commercial banks, including small finance banks shall immediately put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the Judgement. The reliefs shall be applicable to all borrowers, including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed, in terms of the 'COVID-19 regulatory packages' dated March 27, 2020 (DOR.No.BP.BC.47/21.04.048/2019-20) and May 23, 2020 (DOR.No.BP.BC.71/21.04.048/2019-20). Lending institutions shall disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial statements for the year ending March 31, 2021.With respect to the asset classification, in order to comply with the Judgement, (i) in respect of accounts which were not granted any moratorium in terms of the Covid19 Regulatory Package, asset classification shall be as per the criteria laid out in Master Circular on Prudential Norms (given above) or other relevant instructions as applicable to the specific category of lending institutions (**IRAC Norms**); (ii) in respect of accounts which were granted moratorium in terms of the Covid19 Regulatory Package, the asset classification for the period from March 1, 2020 to August 31, 2020 shall be governed in terms of the circular 'COVID19 Regulatory Package - Asset Classification and Provisioning' dated April 17, 2020 (DOR.No.BP.BC.63/21.04.048/2019-20) read with the circular COVID-19 – Regulatory Package dated May 23, 2020 (DOR.No.BP.BC.71/21.04.048/2019-20). For the period commencing September 1, 2020, asset classification for all such accounts shall be as per the applicable IRAC Norms.

FOREIGN INVESTMENT LAWS

The foreign investment in our Bank is governed by, *inter alia*, the FEMA, as amended, the FEMA Regulations, the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**") effective from October 15, 2020, issued and amended by way of press notes.

Foreign investment in private sector banks, carrying on activities approved for FDI, will be subject to the conditions specified in the FDI Policy.

As per the FDI policy, the aggregate foreign investment in a private sector bank from all sources will be allowed up to a maximum of 74% of the paid-up capital of the bank (automatic up to 49% and government approval route beyond 49% and up to 74%). This 74% limit will include investment under the Portfolio Investment Scheme (PIS) by FPIs, NRIs. At all times, at least 26% of the paid-up capital will have to be held by residents, except in regard to a wholly-owned subsidiary of a foreign bank.

In case of NRIs, individual holdings are restricted to 5% of the total paid-up capital both on a repatriation and a non-repatriation basis and the aggregate limit cannot exceed 10% of the total paid-up capital both on a repatriation and a non-repatriation basis. However, NRI holdings can be allowed up to 24% of the total paid-up capital both on a repatriation and a non-repatriation basis subject to a special resolution to this effect passed by the banking company's general body.

Further, in the case of FPIs, individual FPI holding is restricted to below 10% of the total paid-up capital of the company, aggregate limit for all FPIs cannot exceed 24% of the total paid-up capital of the company, which can be raised to the sectoral cap/statutory ceiling, as applicable, until March 31, 2020 (in case of private sector banks it can be raised up to 49% of the total paid-up capital of the bank) through a resolution by its board of directors followed by a special resolution to that effect by its General Body, and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

The aggregate limit for FPI investments shall be the sectoral caps applicable to our Bank (i.e. automatic up to 49% and government route beyond 49% and up to 74%).All investments shall be subject to the guidelines prescribed for the banking sector under the Banking Regulation Act and the RBI Act. The RBI guidelines relating to acquisition by purchase or otherwise among others, shares of a private bank, if such acquisition results in any person owning or controlling 5% or more of the paid-up capital or voting rights of the private bank will apply to non-residents as well. As per the Banking Regulation Act read with the gazette notification DBR.PSBD. No. 1084/16.13.100/2016-17 dated July 21, 2016, there is a limit of 26% on voting rights in respect of private sector banks, and this should be noted by potential investors.

TAX LAWS

In addition to the aforementioned material legislations which are applicable to our Bank, some of the tax legislations that may be applicable to the operations of our Bank include:

- Income Tax Act 1961, as amended by the Finance Act in respective years;
- Central Goods and Service Tax Act, 2017 and various state-wise legislations made thereunder;
- Indian Stamp Act, 1899 and various state-wise legislations made thereunder; and
- State-wise legislations in relation to professional tax.
- The Foreign Account Tax Compliance Act (FATCA)

LABOUR LAWS

In addition to the aforementioned material legislations which are applicable to our Bank, some of the labour legislations that may be applicable to the operations of our Bank include:

- Contract Labour (Regulation and Abolition) Act, 1970;
- Payment of Wages Act, 1936;
- Payment of Bonus Act, 1965;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Equal Remuneration Act, 1976;
- Payment of Gratuity Act, 1972;
- Minimum Wages Act, 1948;
- Industrial Disputes (Banking and Insurance Companies) Act, 1949;
- Employee's Compensation Act, 1923;
- Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act and Rules, 2013;

- Maternity Benefit Act, 1961, as amended;
- Shops and Establishment Act 1963, the state-wise acts and rules made thereunder.

In order to rationalize and reform labour laws in India, the Government of India has framed four labour codes, namely:

a) The Industrial Relations Code, 2020 received the assent of the President of India on September 28, 2020 and it proposes to subsume three existing legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946. The provisions of this code will be brought into force on a date to be notified by the Central Government.

b) The Code on Wages, 2019 received the assent of the President of India on August 8, 2019 and proposes to subsume four existing laws namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976. The Central Government has notified certain provisions of the Code on Wages, mainly in relation to the constitution of the advisory board.

c) The Occupational Safety, Health and Working Conditions Code, 2020 received the assent of the President of India on September 28, 2020 and proposes to subsume certain existing legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. The provisions of this code will be brought into force on a date to be notified by the Central Government.

d) The Code on Social Security, 2020 received the assent of the President of India on September 28, 2020 and it proposes to subsume certain existing legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008. The provisions of this code will be brought into force on a date to be notified by the Central Government.

OTHER LEGISLATIONS

In addition to the aforementioned material legislations, our Bank is governed by the provisions of the Companies Act, SEBI Act, SCRA along with the rules, regulations and guidelines made thereunder and other key circulars and regulations as provided below:

- Central KYC Registry Operating Guidelines 2016;
- Master Circular - Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards / Combating of Financing of Terrorism (CFT) / Obligation of banks under PMLA, 2002;
- Master Circular on Customer Service in Banks (2015);
- Master Direction - Reserve Bank of India (Interest Rate on Advances) Directions, 2016;
- Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016;
- Master Direction on Frauds - Classification and Reporting by commercial banks and select FIs dated July 1, 2016 (updated as on July 3, 2017);
- Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018;
- Rationalisation of Branch Authorisation Policy - Revision of Guidelines (May 2017); and
- Unique Identification Authority of India (Authentication Division) circular number 1 of 2018, dated January 10, 2018 on Enhancing Privacy of Aadhar Holders – Implementation of Virtual ID, UID Token and Limited KYC, and other applicable circulars.

Our Bank is also required to comply with Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015, Negotiable Instruments Act, 1881, Payment and Settlements Systems Act, 2007, Companies Act, 2013 and various intellectual property and environment protection related legislations and other applicable statutes, rules, regulations, notifications, circular, policies and guidelines for its day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Bank was incorporated as '*Capital Local Area Bank Limited*' on May 31, 1999 at Phagwara district Kapurthala, Punjab, as a public limited company under the Companies Act, 1956, and was granted a certificate of incorporation by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. The name of our Bank was subsequently changed to '*Capital Small Finance Bank Limited*' pursuant to a shareholders' resolution dated April 2, 2016, to reflect the change in status of our Bank from a local area bank to a small finance bank pursuant to Reserve Bank of India approval dated March 4, 2016, and a fresh certificate of incorporation was granted by the RoC on April 15, 2016. Our Bank commenced its business pursuant to a certificate of commencement of business issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh dated August 12, 1999.

Changes in the Registered Office

Except as disclosed below, there has been no change in the Registered and Corporate Office of our Bank since the date of incorporation.

Date of change	Details of change in the Registered Office	Reasons for change
September 10, 2005	The registered office of the Bank was changed from Phagwara, District Kapurthala, State of Punjab to Jalandhar, State of Punjab	Expansion of office of the Bank

Main objects of our Bank

The main objects contained in our Memorandum of Association are as follows:

"1. To carry on the business of banking that is to say to carry on the business of accepting, for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise.

2. To engage in any one or more of the following businesses:

a) borrowing, raising or taking up of money;

b) lending or advancing of money either upon or without security;

c) drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scrips and other instruments and securities whether transferable or negotiable or not;

d) granting and issuing of letters of credit, travellers' cheques and circulars notes;

e) buying and selling of and dealing in bullion and specie;

f) buying and selling of foreign exchange including foreign bank notes and to provide all kinds of services related thereto;

g) acquiring, holding, issuing on commission, underwriting and dealing in stock, bonds, obligations, securities and investments of all kinds;

h) purchasing and selling of bonds, scrips or other forms of securities on behalf of constituents or others;

i) negotiating of loans and advances;

j) receiving of all kinds of bonds, scrips or valuables on deposit or for safe custody or otherwise;

k) providing of safe deposit vaults;

l) collecting and transmitting of securities;

m) issue debit or credit cards, charge cards or smart cards or co-branded cards and extend any other credits to customer or any other person for any purpose permissible for the Company to carry on under law;

n) *carrying on any other business specified in section 6(1)(a) to (n) of the Banking Regulation Act, 1949, as amended from time to time ("1949 Act"), and such other forms of business which the Central Government has pursuant to Section 6(1)(o) of 1949 Act specified or may from time to time specify by notifica tion in the official gazette or as may be permitted by Reserve Bank of India ("**RBI**") from time to time as a form of business in which it would be lawful for a banking company to engage;*

o) *acting as aggregators, as may be permitted by the Pension Fund Regulatory and Development Authority ("**PFRDA**"), in connection with the National Pension System of the PFRDA;*

3. *Acting as agent for any government or local authority or any other person or persons, the carrying on of agency business of any description including the clearing and forwarding of goods giving receipts and discharges and otherwise acting as an attorney on behalf of customers but excluding the business of (Managing agent or secretary and treasurer) of a Company.*

4. *Contracting for public and private loans and negotiating and issuing the same.*

5. *Effecting, insuring, guaranteeing, underwriting, participating in managing and carrying out of any issue, public or private of State, Municipal or other loans or of shares, stock debentures or debentures stock of any company, corporation or association and the lending of money for the purpose of any such issue.*

6. *Carrying on and transacting every kind of guarantee and indemnity business.*

7. *Managing, selling and realizing any property that may come into the possession of the Company in satisfaction or part satisfaction of any of its claims.*

8. *Acquiring and holding and generally dealing with any property or any right, title or interest in any such property which may form the security or part of the security for any loans or advances or which may be connected with any such security.*

9. *Undertaking, settling and executing trusts for any purpose including Mutual Fund.*

10. *Undertaking and administration of estates as executor, trustee or otherwise.*

11. *Establishing and supporting or aiding in the establishment and support of association, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the company, or the dependants or connections of such persons granting pensions and allowances and making payments towards insurance subscribing to or guaranteeing moneys for charitable or benevolent objects for any exhibition or for any public general or useful objects.*

12. *The acquisition, construction, maintenance and alteration of any building or works necessary or convenient for the purpose of the Company.*

13. *Selling, improving, managing, developing, exchanging, leasing, mortgaging disposing of or turning into account or otherwise dealing with all or any part of the property and rights of the Company.*

14. *Acquiring and undertaking the whole or any part of the business of any person, when such business is a nature enumerated or described above.*

15. *Doing all such other things as are incidental or conducive to the promotion or advancement of the business of the Company.*

16. *To take or concur in taking all such steps calculated to uphold and support the credit of the Company and to obtain and justify public confidence and to avert or minimise financial disturbance which may affect the Company.*

17. *Taking or otherwise acquiring and holding shares in any other company having objects similar to those of the Company.*

18. *To acquire by purchase or lease or otherwise any premises for the construction and/or establishment of safe-deposit vault or vaults and to maintain therein fire-proof and burglar-proof strong rooms, safes and other receptacles for deeds, securities, documents, money, jewellery and valuables of all kinds.*

19. *Acting as Debenture Trustee or other Trustees, Custodian, Depository for Shares, Stocks, Bonds, Obligations, securities, or investments of all kinds or to do business of Merchant Banking, factoring in such securities.*

20. *To carry on business of Merchant Banking, leasing, factoring, hire-purchase, financial services of all kinds, consultancy or such other business as such subsidiary company may be permitted by the Reserve Bank of India to carry on.*

21. *Any other form of business which the Central Government or Reserve Bank of India may specify as a form of business in which it is lawful for the Company to engage.*

22. *To setup or participate as payment gateway for effective payment against services and trade transactions carried out by internet sites and portals, to act as enablers for settlement of e-commerce or any other type of transactions for corporate, individuals or any other entities and to act as digital signature verification authority under the Information Technology Act, 2000.*

23. *To establish, maintain and operate automate teller machines, or any other electronic and telecommunication devices for carrying on any of the banking businesses including, but not limited to internet banking, telephone banking, utility bills payment for electricity, telephone, mobile phones, and any other activity that would require the Company's banking expertise.*

24. *To act as corporate agents for insurance products for life and general insurance including but not limited to health, pension and employees benefit, fire, marine, cargo, marine hull, aviation, oil and energy, engineering, accident, liability, motor vehicles, transit and other products to carry on the business of insurance, re-insurance and risk management as an insurance agent or otherwise as may be permitted under law.*

25. *To carry out any type of Corporate Social Responsibility activities.*

26. *To establish or support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences for the benefit of past or present employees or directors of the Company or the dependents of such persons and to grant pensions, gratuities and allowances and superannuation and other benefits or insure payment of any of them by taking insurance or any other promises and occurrences as the company may undertake and subscribing to or guaranteeing monies for charitable or benevolent objects or for any exhibition or for any public, general or useful object.*

27. *To issue debit or credit cards, charge cards or smart cards or co-branded cards and extend any other credits to customer or any other persons for any purpose permissible for the company to carry on under law.*

28. *To carry on the business of mutual fund distribution."*

The main objects as contained in our Memorandum of Association enable our Bank to carry on the business presently being carried out and proposed to be carried out by it.

Amendments to the Memorandum of Association

Set out below are the amendments to our Memorandum of Association in the last 10 years:

Date of Shareholders' resolution/ Effective date	Particulars
July 13, 2020	Clause V of the MoA was amended to reflect the increase in the authorized share capital of our Bank from ₹350,000,000 divided into 35,000,000 Equity Shares of ₹10 each to ₹500,000,000 divided into 50,000,000 Equity Shares of ₹10 each
April 2, 2016	Clause V of the MoA was amended to reflect the increase in the authorized share capital of our Bank from ₹250,000,000 divided into 25,000,000 Equity Shares of ₹10 each to ₹350,000,000 divided into 35,000,000 Equity Shares of ₹10 each
	Clause II of our MoA was amended to change from "*The Registered Office of the Company will be situated at Jalandhar City, District Jalandhar in the State of Punjab*" to "*The Registered Office of the Company will be situated in the State of Punjab.*"
	Clause IIIA of our MoA was amended to substitute sub-clause 1 and sub-clause 18 with the following: 1. *"To carry on the business of Banking that is to say accepting for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise."*

Date of Shareholders' resolution/ Effective date	Particulars
	18. *"To acquire by purchase or lease or otherwise any premises for the construction and/or establishment of safe-deposit vault or vaults and to maintain therein fire-proof and burglar-proof strong rooms, safes and other receptacles for deeds, securities, documents, money, jewellery and valuables of all kinds."*
	The following sub-clauses were inserted after sub-clause 2(l) of Clause III A of our MoA: *"2(m) Issue debit or credit cards, charge cards or smart cards or co-branded cards and extend any other credits to customer or any other persons for any purpose permissible for the Company to carry on under law* *2(n) Carrying on any other business specified in section 6(1)(a) to (n) of the Banking Regulation Act, 1949, as amended from time to time ("1949 ACT"), and such other forms of business which the Central Government has pursuant to Section 6(1)(o) of 1949 Act specified or may from time to time specify by notification in the Official Gazette or as may be permitted by Reserve Bank of India ('RBI') from time to time as a form of business in which it would be lawful for a banking company to engage.* *2(o) Acting as aggregators, as may be permitted by the Pension Fund Regulatory and Development Authority ("PFRDA'), in connection with the National Pension System of the PFRDA.*
	The following clauses were inserted after Clause 21 of Clause IIIA of our MoA: *22. To setup or participate as payment gateway for effective payment against services and trade transactions carried out by internet sites and portals, to act as enablers for settlement of e-commerce or any other type of transactions for corporate, individuals or any other entities and to act as digital signature verification authority under the Information Technology Act, 2000.'* *23. To establish, maintain and operate automated teller machines, or any other electronic and telecommunication devices for carrying on any of the banking businesses including, but not limited to internet banking, telephone banking, utility bills payment for electricity, telephone, mobile phones, and any other activity that would require the company's banking expertise.* *24. To act as corporate agents for insurance products for life and general insurance including but not limited to health, pension and employees benefit, fire, marine, cargo, marine hull, aviation, oil and energy, engineering, accident, liability, motor vehicles, transit and other products to carry on the business of insurance, reinsurance and risk management as an insurance agent or otherwise as may be permitted under law.* *25. To carry out any type of Corporate Social Responsibility activities.* *26. To establish or support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences for the benefit of past or present employees or directors of the company or the dependents of such persons and to grant pensions, gratuities and allowances and superannuation and other benefits or insure payment of any of them by taking insurance or any other promises and occurrences as the company may undertake and subscribing to or guaranteeing monies for charitable or benevolent objects or for any exhibition or for any public, general or useful object.* *27. To issue debit or credit cards, charge cards or smart cards or co-branded cards and extend any other credits to customer or any other persons for any purpose permissible for the company to carry on under law.* *28. To carry on the business of mutual fund distribution"*
	The existing sub-clauses of Clause IIIA of our MoA was amended as under: *a) Words 'form of business' appearing in sub clause 2 be substituted by the word 'businesses'* *b) First Words 'The' appearing in sub-clauses 2(a) to 2(1) be deleted.* *c) Word 'Which' appearing in clause 7 be substituted by word 'that'.* *d) Word 'Bank' appearing in clause 16 be deleted.* *e) Word 'brokering' appearing in clause 19 be deleted*

Date of Shareholders' resolution/ Effective date	Particulars
	Clause I of our MoA was amended to reflect the change in name of our Bank from '*Capital Local Area Bank Limited*' to '*Capital Small Finance Bank Limited*'.
	The heading of Clause IIIB "*Objects incidental or ancilary to the attainment of the Main Objects*" was replaced with "*Matters which are necessary for furtherance of the objects specified in Clause III(A) are*"
	The following clauses were inserted after sub-clause 12 of Clause IIIB of our MoA: *"13. To carry on the business in any of the objects specified above, by itself.* *14. To do all or any of the objects set out herein and all such other things as are incidental or as may be thought conducive to the attainment of the objects of the Company or any of them either as principals, agents, trustees, contractors otherwise and either along or in conjunction with other and either by or through agents, contractors, trustees or otherwise and to carry on business which may be capable of being conveniently carried on or which is calculated directly or indirectly to enhance the value of render profitable any of the company's property or right and growth of the national economy and national welfare.*"
	Clause IIIC "*Other Objects*" was deleted from the MoA.
	Clause VI of the MoA was amended and replaced with the following: "*VI. The clauses of this Memorandum of Association shall be subject to the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949 and the directions/circulars/notifications issued by the Reserve Bank of India from time to time and in case any conflict is found, the latter will prevail over the former.*"
December 29, 2013	Clause III (A)(1) of the MoA was amended to delete the words "*viz the Districts of Kapurthala, Hoshiarpur and Jalandhar in the State of Punjab*" from clause 1 of the main objects to read 'To do all kinds of banking business to cater to the needs of the local people and to provide efficient competitive financial intermediation services at one or more places within the "area of operation" as may be authorised by the Reserve Bank of India"

Major events and milestones of our Bank

The table below sets forth some of the key events in the history of our Bank:

Calendar Year	Event
2021	The total number of customers of our Bank reached 0.6 million;
	Total business of our Bank crossed ₹89,500 million
2019	Total business of our Bank crossed business of ₹60,000 million
2018	The total number of branches of our Bank crossed 100
2017	Investment of ₹646.65 million raised through private placement
2016	Launched operations as a small finance bank; Total business of our Bank crossed business of ₹25,000 million
2013	The Bank expanded operations in two additional districts of Ludhiana and Amritsar which expanded the outreach of the bank to five districts
2011	Total business of our Bank crossed business of ₹10,000 million
2000	Incorporation of the Bank and started operations as a local area bank in Jalandhar, Kapurthala and Hoshiarpur as a local area bank

Key awards, accreditations and recognitions received by our Bank

Calendar Year	Awards/Accreditations/Recognitions
2021	Certificate of Appreciation by Ministry of Finance, Government of India; India's Best Workplaces in BFSI 2021 by Great Place to Work
2020	India's Best Workplaces in BFSI 2020 by Great Place to Work
2019	India's Best Workplaces in BFSI 2019 by Great Place to Work
2018	India's Best Workplaces in BFSI 2018 by Great Place to Work; India's Best Companies to Work For 2018 by Great Place to Work
2017	India's Best Companies to Work For 2017 by Great Place to Work; Special Award for being the first small finance bank in the country to go live on all NPCI products from NPCI;

Calendar Year	Awards/Accreditations/Recognitions
	India's Best Companies to Work For 2016 by Great Place to Work
2013	Certificate of Participation for Social Banking Excellence Awards – 2013 from ASSOCHAM India
2008	ICAI Awards for Excellence in Financial Reporting by the Institute of Chartered Accountants of India
2007	ICAI Awards for Excellence in Financial Reporting by the Institute of Chartered Accountants of India

Time and cost over-runs

There have been no time and cost over-runs in the setting up of any of the establishments of our Bank or in respect of our business operations.

Defaults or re-scheduling of borrowings

There have been no defaults or re-scheduling/ re-structuring in relation to borrowings availed by our Bank from any financial institutions or banks.

Significant financial and strategic partners

As of the date of this Draft Red Herring Prospectus, our Bank does not have any significant financial or strategic partners.

Launch of key products or services, entry into new geographies or exit from existing markets

For details of key products or services launched by our Bank, entry into new geographies or exit from existing markets, see "*Our Business*" on page 139.

Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations or any revaluation of assets, in the last ten years

Our Bank has not acquired any business or undertaking and has not undertaken any merger, amalgamation or revaluation of assets, in the last ten years.

Holding Company

As of the date of this Draft Red Herring Prospectus, our Bank has no holding company.

Our Subsidiaries

As of the date of this Draft Red Herring Prospectus, our Bank has no subsidiaries.

Joint Venture

As of the date of this Draft Red Herring Prospectus, our Bank has no joint ventures.

Shareholders' agreements and other agreements

Key terms of subsisting shareholders' agreements

Shareholders' agreement dated November 7, 2019 executed among our Bank, PI Ventures, SIDBI, Amicus, OIJIF II, Sarvjit Singh Samra, Brig. Swaran Singh Saini (Retd.), Tanveer Singh Dhillon, Dinesh Gupta, Bhagwant Singh Sangha, Parkash Kaur Pooni, Amarjit Singh Samra, Santokh Singh Chhokar, Navneet Kaur Samra, Surinder Kaur Samra, Kuljit Singh Hayer, Amarpreet Kaur, Gursharan Kaur Dhillon, Randeep Singh Dhillon and Dinesh Gupta HUF ("SHA Parties", and the shareholders' agreement, the "SHA"), as amended by the waiver cum amendment agreement dated September 30, 2021 ("SHA Amendment Agreement")

The SHA Parties have entered into a shareholders' agreement to define their mutual rights and obligations and to set out the terms and conditions governing their relationship with our Bank. The SHA supersedes the shareholders' agreement dated September 21, 2017 executed by and between certain parties to the SHA. In terms of the SHA, PI Ventures, SIDBI, Amicus and OIJIF II (collectively, the "**Investors**") have a right to appoint one nominee director each on the Board of our Bank. Further, the nominee directors appointed by the Investors shall be appointed as a member of the stakeholders' relationship committee and the securities committee of our Bank. Apart from this, the SHA provides for certain obligations on our Bank and the promoters (as defined under the SHA) which are, among others:

- information rights in relation to, among others, (a) annual budgets of our Bank, no later than within the first month of each financial year; (b) quarterly reports within 30 days from the end of each quarter; (c) MIS prepared for the previous month within 30 days from the end of each month; and (d) regular updates pertaining to the business of our Bank and any other matter related to the business which has a material adverse effect on our Bank;

- conduct the business of our Bank consistent with past customs and practices in compliance with applicable law;
- obtain and maintain insurance coverage with a well reputable insurer in accordance with the current industry practice;
- notify the Investors within 15 days of becoming aware of any breach committed by our Bank or on occurrence of a material adverse effect;
- not at any time, directly or indirectly, complete, invest or set up any entity which competes with the principal business of our Bank, subject to certain exceptions; and
- ensure that senior management team remains in full time employment of our Bank.

The SHA also provides that the Investors will cease to have any rights under the SHA and SHA shall automatically be terminated upon receipt of final listing and trading approvals from the stock exchanges for commencement of trading of Equity Shares of our Bank pursuant to the Offer.

The SHA Parties have also entered into an SHA Amendment Agreement dated September 30, 2021 ("**WCA**") to waive and amend certain terms of the SHA to enable the initial public offer by the Bank. The WCA is effective from the date of execution until the IPO Long Stop Date (i.e., twelve months from the date of receipt of final observations of SEBI by the Bank prior to filing of the red herring prospectus with the RoC or July 31, 2023, whichever is earlier) or; (ii) date on which the Bank decides not to undertake the IPO ("**Term**"). Provided that, in the event that (i) the IPO is not completed on or prior to the IPO Long Stop Date, or (ii) the Bank decides not to undertake the Offer, the Shareholders' Agreement, as it stood just prior to the execution of the WCA, shall stand automatically reinstated without any further act or deed required by or from any party.

Agreements with Key Managerial Personnel, Director, Promoters or any other employee

There are no agreements entered into by a Key Managerial Personnel or Director or Promoters or any other employee of our Bank, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Bank.

OUR MANAGEMENT

Board of Directors

In terms of the Articles of Association, our Bank is required to have not less than three Directors and not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises of 12 Directors including one Executive Director, four Non-Executive Directors of which three are nominee directors, and seven Independent Directors. Our Board also comprises of a woman Independent Director.

The following table sets forth details regarding our Board of Directors as on the date of this Draft Red Herring Prospectus:

S. No.	Name, date of birth, designation, address, occupation, current term, period of directorship and DIN	Age (years)	Other directorships
1.	**Madan Gopal Sharma** ***Designation:*** Part-time Chairman and Independent Director ***Address:*** Sukhjit Starch and Chemicals Limited, Phagwara, Kapurthala 144 401, Punjab, India ***Occupation:*** Service ***Date of birth:*** June 14, 1953 ***Period and term:*** Director since July 30, 2011, appointed as Part-time Chairman for a period of three years with effect from April 24, 2019, re-appointed as Independent Director with effect from April 1, 2019 up to April 22, 2022. ***DIN:*** 00398326	68	• Sukhjit Starch and Chemicals Limited
2.	**Sarvjit Singh Samra** ***Designation:*** Managing Director and Chief Executive Officer ***Address:*** House no. 182, New Jawahar Nagar, Jalandhar – I, Jalandhar 144 001, Punjab, India ***Occupation:*** Business ***Date of birth:*** April 25, 1964 ***Period and term:*** Director since May 31, 1999. Re-appointed as Managing Director and Chief Executive Officer for a period of three years with effect from April 24, 2019 ***DIN:*** 00477444	57	NIL
3.	**Srinath Srinivasan** ***Designation:*** Non-Executive Director(1) ***Address:*** 1003, Raheja Empress, 392, Veer Savarkar Marg, Opposite Siddhivinayak Temple, Prabhadevi, Mumbai 400 025, Maharashtra, India ***Occupation:*** Service ***Date of birth:*** December 4, 1966 ***Period and term:*** Director since December 16, 2019, liable to retire by rotation	54	• Homevista Decor and Furnishings Private Limited; • National Commodity and Derivatives Exchange Limited; and • Stanley Lifestyles Limited.

S. No.	Name, date of birth, designation, address, occupation, current term, period of directorship and DIN	Age (years)	Other directorships
	***DIN**:* 00107184		
4.	**Mahesh Parasuraman** ***Designation**:* Non-Executive Director(2) ***Address**:* Villa 51, Prestige Ozone Hagadur Main Road Whitefield, Bengaluru 560 066, Karnataka, India ***Occupation**:* Service ***Date of birth**:* November 19, 1975 ***Period and term**:* Director since December 16, 2019, liable to retire by rotation ***DIN**:* 00233782	45	• AAUM Investment Advisers Private Limited; • D2C Consulting Services Private Limited; and • Wonderchef Home Appliances Private Limited.
5.	**Rahul Priyadarshi** ***Designation**:* Non-Executive Director(3) ***Address**:* Flat No. B-305, Meenaxi Apartments, Near Gokuldham High School, Gokuldham East, Goregaon East, Mumbai 400 063, Maharashtra, India ***Occupation**:* Service ***Date of birth**:* January 27, 1967 ***Period and term**:* Director since November 3, 2018, liable to retire by rotation ***DIN**:* 06835372	54	• Himachal Consultancy Organisation Limited; and • NITCON Limited;
6.	**Dinesh Gupta** ***Designation**:* Non-Executive Director ***Address**:* 47, Defence Colony, Jalandhar – I, Jalandhar 144 001, Punjab, India ***Occupation**:* Professional ***Date of birth**:* September 22, 1964 ***Period and term**:* Director since January 30, 2019, liable to retire by rotation ***DIN**:* 00475319	57	• DSB Edutech Private Limited; and • DSB Law Group Private Limited.
7.	**Navin Kumar Maini** ***Designation**:* Independent Director ***Address**:* B – 74, Block B, Defence Colony, Lajpat Nagar, New Delhi 110 024, Delhi, India ***Occupation**:* Retired ***Date of birth**:* February 12, 1955 ***Period and term**:* Director since January 30, 2019. Appointed until January 29, 2024. ***DIN**:* 00419921	66	• Ananya Finance for Inclusive Growth Private Limited; • AYE Finance Private Limited; • NSE Clearing Limited; and • UGRO Capital Limited.

S. No.	Name, date of birth, designation, address, occupation, current term, period of directorship and DIN	Age (years)	Other directorships
8.	**Gurpreet Singh Chug** ***Designation:*** Independent Director ***Address:*** House Number 327, Shaheed Udham Singh Nagar, Jalandhar – I, Jalandhar 144 001, Punjab, India ***Occupation:*** Business ***Date of birth:*** September 20, 1963 ***Nationality:*** Indian ***Period and term:*** Director since February 23, 2019. Appointed until February 22, 2024. ***DIN:*** 01003380	58	• Pioneer Assurance Consultants Limited
9.	**Harmesh Khanna** ***Designation:*** Independent Director ***Address:*** House No. 12, Lane No. P7, Near Gurgaon Valley School, DLF Phase – II, Gurugram 122 008, Haryana, India ***Occupation:*** Retired ***Date of birth:*** March 22, 1958 ***Period and term:*** Director since August 22, 2015. Re-appointed for a period of three years with effect from August 22, 2020 to August 21, 2023 ***DIN:*** 03078018	63	• Micropolo Overseas Private Limited
10.	**Rakesh Soni** ***Designation:*** Independent Director ***Address:*** House No. 21, Green Park, Ward - 54, Civil Lines, Ludhiana 141 001, Punjab, India ***Occupation:*** Practicing Chartered Accountant ***Date of birth:*** October 25, 1957 ***Period and term:*** Director since August 22, 2015. Appointed for a period of three years with effect from August 22, 2020 to August 21, 2023. ***DIN:*** 07262045	63	NIL
11.	**Gurdeep Singh** ***Designation:*** Independent Director ***Address:*** Old Phagwara Road, GNA House, Kot Kalan, Jalandhar, 144 024, Punjab, India ***Occupation:*** Industrialist ***Date of birth:*** January 4, 1967	54	• Amarsons Automotives Limited; • GNA Gears Limited; • G N A Axles Limited; • GNA Investment Limited; and • Guru Nanak Transmissions Punjab Limited.

S. No.	Name, date of birth, designation, address, occupation, current term, period of directorship and DIN	Age (years)	Other directorships
	Period and term: Director since July 11, 2018. Appointed for a period of five years, with effect from July 11, 2018 until July 10, 2023. ***DIN:*** 01572748		
12.	**Sham Singh Bains** ***Designation:*** Independent Director ***Address:*** Jagrawan, Jalandhar 144 301, Punjab, India ***Occupation:*** Agriculturist ***Date of birth:*** December 8, 1959 ***Period and term:*** Director since November 9, 2017. Appointed for a period of five years with effect from November 9, 2017 until November 8, 2022. ***DIN:*** 01537844	61	NIL

(1) Nominee of Oman India Joint Investment Fund II.
(2) Nominee of Amicus Capital Private Equity I LLP and Amicus Capital Partners India Fund I.
(3) Nominee of SIDBI

Brief Biographies of Directors

Madan Gopal Sharma is the Part-time Chairman and Independent Director of our Bank. He holds a bachelors' degree in science from Panjab University. He is also a qualified chartered accountant and company secretary, and is a member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. Further, he has completed postgraduate diploma in business and industrial management from Datamatics institute of Management. He has over four decades of experience in, among others, finance, taxation, corporate laws, commercial functions and project appraisals. He is also presently serving as the executive director (finance) and chief financial officer of The Sukhjit Starch and Chemicals Limited.

Sarvjit Singh Samra is the Managing Director and Chief Executive Officer of our Bank. He holds a bachelor's degree in arts and a master's degree in business administration from Guru Nanak Dev University. He has over 35 years of experience in the banking and financial industry spread over various roles, including senior positions. He has been associated with our Bank since its inception and has been instrumental in the conversion of our Bank from a local area bank to an SFB. He has previously served as the managing director of various asset financing companies. He has also previously served as our part-time chairman for over three years and has been serving as our Managing Director and Chief Executive Officer since over 18 years.

Srinath Srinivasan is a Non-Executive Director of our Bank and a nominee of Oman India Joint Investment Fund II on our Board. He holds a bachelor's degree in engineering (electronics and communication) from the National Institute of Technology, Karnataka, Mangalore University and a master's degree in business management from the Asian Institute of Management. Further, he has completed an executive education programme on leadership skills for top management from the Indian School of Business, the Blue Ocean Strategy Programme – India Edition from INSEAD, the executive program in luxury brands from the SDA Bocconi School of Management and the independent directors certification program conducted by Hunt Partners and Board Evaluation. He has previously served as the country head for the private equity business of Rand Merchant Bank in India and has been associated with Reliance Capital Asset Management Limited. In 2011, he was appointed as the Chief Investment Officer of Oman India Joint Investment Fund Management Company Private Limited. He has been serving as the Chief Executive Officer of Oman India Joint Investment Fund Management Company Private Limited since 2012. He was also elected to the executive council of the Indian Venture Capital Association in 2015 and has served two consecutive terms thereon.

Mahesh Parasuraman is a Non-Executive Director of our Bank and a nominee of Amicus Capital Private Equity I LLP and Amicus Capital Partners India Fund I on our Board. He holds a bachelor's degree in commerce from the Bangalore University and is an associate member of the Institute of Chartered Accountants of India. He is also a member of the Institute of Cost and Works Accountants of India. He is currently also a director of AAUM Investment Advisers Private Limited and a designated partner in Amicus India Capital Partners LLP and Amicus Capital Private Equity I LLP. He has over 21 years of experience and was previously associated with Carlyle India Advisors Private Limited (an affiliate of the Carlyle Group), Ernst & Young LLP and Arthur Andersen & Associates.

Rahul Priyadarshi is a Non-Executive Director of our Bank and a nominee of SIDBI on our Board. He holds a bachelor's degree in arts (honours) with a specialisation in economics from the University of Delhi and a master's degree in arts with a specialisation in economics from the University of Kent at Canterbury. He also holds a master's degree in business administration from Sikkim Manipal University. Further, he is an associate of the Institute of Banking and Finance. He currently serves as the General Manager, Chandigarh Regional Office at SIDBI.

Dinesh Gupta is a Non-Executive Director of our Bank. He holds a bachelor's degree in commerce and a bachelor's degree in law from Guru Nanak Dev University. He is also a fellow member of the Institute of Company Secretaries of India. He has also received the Lean Six Sigma Green Belt Certificate from Benchmark Six Sigma. He also currently serves as a director of DSB Law Group Private Limited and DSB Edutech Private Limited. He is a Practicing Company Secretary and currently Managing Partner of M/s Dinesh Gupta & Co., Company Secretaries. He has over 34 years of experience in, among others, finance, taxation, corporate laws, corporate restructuring, commercial laws, banking and business process management. He also practised as an Advocate with Punjab & Haryana High Court from 1988 to 1992. He previously remained as Director of Capital Local Area Bank Limited from 2007 to 2015. He also currently serves as a director of DSB Law Group Private Limited and DSB Edutech Private Limited.

Navin Kumar Maini is an Independent Director of our Bank. He holds a bachelors' degree in law and a bachelors' degree in science (honours) from the University of Delhi. Further, he holds a post-graduate diploma in international trade from the Indian Institute of Foreign Trade, a certificate of participation in the NIBM-Stanford Advanced Management Programme presented by the Stanford University Graduate School of Business and a post-graduate diploma in management from the Management Development Institute. He has also completed the executive course on Financial Institutions for Private Enterprise Development, conducted by Harvard Law School and the International institute for Advanced Studies. He is also a certified associate of the Indian Institute of Bankers. He has over four decades of experience in the banking industry. He has previously served as the deputy managing director of SIDBI and has also previously been associated with Industrial Development Bank of India and United Commercial Bank and has served as a director of various entities, including SIDBI Trustee Company Limited, SIDBI Venture Capital Limited, National Credit Guarantee Trustee Company Limited, India SME Asset Reconstruction Company Limited, Bhartiya Samruddhi Finance Limited and Acuite Ratings & Research Limited. He currently serves as a director on various entities including Ananya Finance for Inclusive Growth Private Limited, AYE Finance Private Limited and NSE Clearing Limited.

Gurpreet Singh Chug is an Independent Director of our Bank. He holds a bachelor's degree in arts and a bachelor's degree in law from the Guru Nanak Dev University. He also holds the qualification of Licentiate from the Insurance Institute of India. He has previously served as an independent director of S.R. Impex Private Limited and has been associated with Global Financial Services as its President, M/s. Steel Products (India) as its Proprietor and presently serves as the Managing Director of Pioneer Assurance Consultants Limited.

Harmesh Khanna is an Independent Director of our Bank. She holds a bachelor's degree in science (honours) and a master's degree in science, both with a specialisation in zoology, from the University of Delhi. She also holds a master's degree in business administration with a specialisation in public system management, and (iii) a bachelor's degree in education, from the University of Delhi. She has previously been associated with the Reserve Bank of India for over 27 years and retired as general manager.

Rakesh Soni is an Independent Director of our Bank. He holds a bachelor's degree in commerce from the Panjab University and is a qualified chartered accountant. He is currently a practicing chartered accountant and a member of the Institute of Chartered Accountants of India. He currently serves as a partner of M/s. Dass Khanna & Co., Chartered Accountants. He has previously been an auditor for entities in several sectors including real estate, textile, tyres and tubes and banking, including entities such as Indian Overseas Bank, Avon Cycles Limited, Nucon Power Controls Private Limited, Garg Acrylics Limited, Tilda Riceland Private Limited, Ralson (India) Limited and Eastman Cast and Forge Limited.

Gurdeep Singh is an Independent Director of our Bank. He has completed his higher secondary from Guru Nanak College, Phagwara. He has previously served as assistant manager (engineering and tool room), personnel officer and deputy manager of G N A Axles Limited. Presently, he is the president of GNA University and director of GNA Gears Limited.

Sham Singh Bains is an Independent Director of our Bank. He holds a bachelor's degree in arts from the Guru Nanak Dev University, Amritsar. He has vast experience in agriculture.

Relationship between our Directors

None of our Directors are related to each other.

Confirmations

None of our Directors is, or was a director of any listed company during the last five years preceding the date of this Draft Red Herring Prospectus, whose shares have been, or were suspended from being traded on any of the stock exchanges during the term of their directorship in such company.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person either to induce them to become or to help them qualify as a Director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Bank.

None of our Directors is, or was a director of any listed company which has been, or was delisted from any stock exchange during the term of their directorship in such company.

Terms of appointment of Directors

1. Remuneration paid to our Executive Director:

Sarvjit Singh Samra was paid a total remuneration of ₹10.11 million during Fiscal 2021. The details of remuneration governing his appointment pursuant to a resolution passed at a meeting of our Shareholders held on September 27, 2019, are stated below:

Particulars	Remuneration
Fixed pay	₹6,000,000 per annum
Perquisite, benefits and variable pay	• HRA / Rent free accommodation (40% of basic salary): ₹ 2,400,000 per annum • Special allowance: ₹ 600,000 per annum • Variable pay: as per the compensation policy of our Bank • Use of Bank's car: For official purposes: Free For Private purposes: By compensating our Bank with suitable amount • Provident fund gratuity / pension, travelling and halting allowances, medical benefits: As per Bank's rules • Leave travel concession: Not exceeding one month's salary

2. Remuneration and sitting fee paid to Independent Directors:

Pursuant to the Board resolution dated November 3, 2018, each Independent Director is entitled to receive sitting fees of ₹0.03 million per meeting for attending meetings of the Board and sitting fees of ₹0.01 million per meeting for attending meetings of committees of the Board, within the limits prescribed under the Companies Act, 2013, and the rules made thereunder.

The details of remuneration paid to our Independent Directors during Fiscal 2021 are as follows:

S. No.	Name of Director	Sitting fees paid (in ₹ million)	Commission (in ₹ million)	Remuneration (in ₹ million)
1.	Madan Gopal Sharma	0.15	Nil	Nil
2.	Navin Kumar Maini	0.15	Nil	Nil
3.	Gurpreet Singh Chug	0.35	Nil	Nil
4.	Harmesh Khanna	0.23	Nil	Nil
5.	Rakesh Soni	0.30	Nil	Nil
6.	Gurdeep Singh	0.17	Nil	Nil
7.	Sham Singh Bains	0.24	Nil	Nil

Further, details of remuneration governing the appointment of Madan Gopal Sharma, our Part-Time Chairman and Independent Director, pursuant to RBI letter dated April 24, 2019 are as follows:

Particulars	Remuneration
Gross Salary	Nil
Perquisites	Nil

3. Remuneration paid to the Non-Executive Directors:

Pursuant to the Board resolution dated November 3, 2018, each Non-Executive Director is entitled to receive sitting fees of ₹0.03 million per meeting for attending meetings of the Board and sitting fees of ₹0.01 million per meeting for attending meetings of the committees of the Board within the limits prescribed under the Companies Act, 2013, and the rules made thereunder.

The details of remuneration paid to our Non-Executive Directors during Fiscal 2021 are as follows:

S. No.	Name of Director	Sitting fees paid (in ₹ million)	Commission (in ₹ million)	Remuneration (in ₹ million)
1.	Srinath Srinivasan	0.15	Nil	Nil
2.	Mahesh Parasuraman	Nil	Nil	Nil
3.	Rahul Priyadarshi	0.12	Nil	Nil
4.	Dinesh Gupta	0.37	1.13	Nil
5.	Mohit Verma*	0.09	Nil	Nil

* *Mohit Verma has resigned from our Board with effect from September 16, 2021.*

Arrangement or understanding with major Shareholders, customers, suppliers or others

Except for Srinath Srinivasan, Mahesh Parasuraman and Rahul Priyadarshi, who have been appointed as Non-Executive Directors on our Board by OIJIF II, Amicus and SIDBI, respectively, pursuant to the provisions of the SHA, there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Director was appointed as a director.

Shareholding of Directors in our Bank

As per our Articles of Association, our Directors are not required to hold any qualification shares.

The Equity Shares held by our Directors are as set out below:

S. No.	Name of the Director	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)
1.	Sarvjit Singh Samra	4,174,619	12.28
2.	Madan Gopal Sharma	22,100	0.06
3.	Dinesh Gupta (jointly with Deepali Gupta)	295,920	0.87
4.	Gurpreet Singh Chug	27,300	0.08
Total		**45,19,939**	**13.29**

Further, for details of the ESOPs held by our Directors as on the date of this Draft Red Herring Prospectus, see "*Capital Structure*" beginning on page 75.

Appointment of relatives of our Directors to any office or place of profit

Except Sarvjit Singh Samra, whose son Shahbaz Singh Samra is an employee of our Bank, none of the relatives of our Directors currently hold any office or place of profit in our Bank.

Interests of Directors

All Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. In consideration for these services, they are paid managerial remuneration in accordance with the provisions of applicable law.

Our Directors may also be regarded as interested in the Equity Shares held by them or by their relatives, if any or to the extent that our Directors are nominees of our Shareholders or are associated with our Shareholders, or that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees or promoters, as applicable, pursuant to this Offer. Our Directors may also be deemed to be interested to the extent of any variable pay as per the terms of their appointment, as applicable, dividend payable to them and other distributions in respect of such Equity Shares.

Certain of our offices are located on land which is owned by Sarvjit Singh Samra, together with Amardeep Singh Samra, Amarjit Singh Samra, Surinder Kaur Samra, Navneet Kaur Samra and Gagan Samra, and has been obtained on lease by our Bank pursuant to rent agreements. For details, see "*Risk Factors – Our Promoters, certain of our Directors and Key Managerial Personnel have interests in us other than reimbursement of expenses incurred and normal remuneration or benefits*" on page 48.

Other than Sarvjit Singh Samra and Dinesh Gupta, who are Promoters of our Bank, none of our Directors have any interest in the promotion or formation of our Bank.

None of our Directors have any interest in any property acquired in the preceding three years or proposed to be acquired of our Bank or by our Bank or any transaction for acquisition of land, construction of building and supply of machinery.

No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors.

No loans have been availed by our Directors from our Bank.

None of the beneficiaries of loans, advances and sundry debtors are related to the Directors of our Bank.

None of the Directors is party to any bonus or profit sharing plan of our Bank.

Changes in the Board in the last three years

Name	Date of Appointment/ Change/Cessation	Reason
Mohit Verma	September 16, 2021	Cessation
Srinath Srinivasan	December 16, 2019	Appointment
Mahesh Parasuraman	December 16, 2019	Appointment
Mohit Verma	July 17, 2019	Appointment
Inder Krishan Sardana	April 23, 2019	Cessation due to retirement
Gurpreet Singh Chug	February 23, 2019	Appointment
Navin Kumar Maini	January 30, 2019	Appointment
Dinesh Gupta	January 30, 2019	Appointment
Santokh Singh Chhokar	January 10, 2019	Cessation due to retirement
Rahul Priyadarshi	November 3, 2018	Appointment
Sukhpal Singh Gill	September 24, 2018	Cessation due to retirement

Borrowing Powers of the Board

Pursuant to a special resolution passed by the Shareholders of our Bank on August 20, 2021, our Board is authorised to borrow and raise such sum or sums of money from time to time as may be required for the purposes of the business of our Bank, in excess of the aggregate of the paid-up capital and free reserves of our Bank, subject to such borrowing not exceeding ₹12 billion outstanding at any point of time over and above the aggregate of the paid-up capital and free reserves of our Bank which shall exclude deposits received from the public, temporary loans obtained by our Bank from other banks in the ordinary course of business, and such other exclusions as may be provided under the law on such terms and conditions as our Board may consider necessary and expedient in the best interest of our Bank.

Corporate Governance

The corporate governance provisions of the Listing Regulations will be applicable to us immediately upon the listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of the applicable regulations, including the Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including constitution of the Board and committees thereof and formulation and adoption of policies. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act, the Listing Regulations, guidelines issued by the RBI from time to time, and in accordance with best practices in corporate governance. The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas. The executive management provides the Board of Directors detailed reports on its performance periodically.

The composition of our Board is also in compliance with the Banking Regulation Act, SFB Licensing Guidelines and conditions stipulated by the RBI Final Approval and RBI In-Principle Approval. Further, pursuant to a letter dated April 18, 2019, the RBI confirmed the re-appointment of Sarvjit Singh Samra as the Managing Director and Chief Executive Officer of our Bank for a period of three years with effect from April 24, 2019. Pursuant to a letter dated April 24, 2019, the RBI has approved the appointment of Madan Gopal Sharma as the Part-time Chairman of our Bank, for a period of three years with effect from April 24, 2019.

Committees of the Board

Audit Committee

The members of the Audit Committee are:

1. Rakesh Soni, Independent Director (*Chairperson*);
2. Harmesh Khanna, Independent Director;
3. Gurpreet Singh Chug, Independent Director;
4. Dinesh Gupta; Non-Executive Director; and
5. Sham Singh Bains; Independent Director.

The Audit Committee was last reconstituted on September 23, 2021. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013, the Listing Regulations and the guidelines issued by the RBI from time to time. The terms of reference of the Audit Committee include the following:

1. The Audit Committee shall have powers, which should include the following:
   (a) To investigate any activity within its terms of reference;
   (b) To seek information from any employee of our Bank;
   (c) To obtain outside legal or other professional advice;
   (d) To secure attendance of outsiders with relevant expertise, if it considers necessary; and
   (e) Such powers as may be prescribed under the Companies Act, 2013 (together with the rules thereunder) and SEBI Listing Regulations;
2. Oversight of our Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
3. Recommendation for appointment, replacement, reappointment and approval for remuneration and terms of appointment of statutory auditors of our Bank;
4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
   (i) Matters required to be included in the director's responsibility statement to be included in the Board's report, in terms of the Companies Act, 2013;
   (ii) Changes, if any, in accounting policies and practices and reasons for the same;
   (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
   (iv) Significant adjustments made in the financial statements arising out of audit findings;
   (v) Compliance with listing and other legal requirements relating to financial statements;
   (vi) Disclosure of any related party transactions; and
   (vii) Qualifications and modified opinion(s) in the draft audit report.
6. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
7. Examination of the financial statement and auditor's report thereon;
8. Monitoring the end use of funds raised through public offers and related matters;
9. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the issue document/prospectus/notice and making appropriate recommendations to the Board to take up steps in this matter;
10. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

11. Approval or any subsequent modification of transactions of our Bank with related parties;

12. Scrutiny of inter-corporate loans and investments;

13. Valuation of undertakings or assets of our Bank, wherever it is necessary;

14. Evaluation of internal financial controls and risk management systems;

15. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

16. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

17. Discussion with internal auditors of any significant findings and follow up there on;

18. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

19. Discussion with statutory auditors, internal auditors, secretarial auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern;

20. To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;

21. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

22. To review the functioning of the whistle blower mechanism;

23. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

24. Reviewing the utilization of loan and/or advances from investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;

25. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on our Bank and its shareholders;

26. To review the exposure to sensitive sectors i.e. capital market, real estate etc;

27. To review the implementation status of know your customer guidelines and to review the compliance of concurrent audit/internal audit findings with respect to adherence to KYC/AML guidelines and material internal control gaps observed in respect of KYC/AML guidelines;

28. To review the housekeeping positions i.e. balancing and reconciliation of long outstanding entries in suspense & sundry accounts and internal accounts;

29. To review the compliance status in respect of the annual financial inspection conducted by RBI and closely monitor the deficiencies pointed out in the RBI inspection reports, if any.

30. To approve annual/quarterly internal audit plan and review the status thereof;

31. To review the significant audit findings/internal control gaps observed along with their compliance status, as part of the external audit or internal audit functions i.e. –(i) LFAR (ii) concurrent audit (iii) internal audit (iv) Information system audit (v) concurrent audit of treasury functions (vi) management audit at controlling offices/head offices (vii) audit of branches authorized to deal in foreign exchange, etc.(viii) audit of internal accounts;

32. To review the compliance status of directives issued by RBI or any other statutory or regulatory bodies;

33. To review the reported frauds which involve an amount of ₹10 million and above;

34. To review the violations by various functionaries in the exercise of discretionary powers;

35. To review the information in respect of equity share holdings in borrower companies more than 30% of their paid-up capital;

36. To review the working of compliance division including approval of the calendar of compliance reviews to be undertaken and to review the findings thereof;

37. To consider detailed report on fraudulent transactions relating to internet banking through phishing attacks pointing out in particular the deficiencies in the existing systems and steps taken by the information technology department to prevent such cases;

38. To review the , risk management policy, audit policy, policy for the appointment of statutory auditors of our Bank;

39. To review the penalties imposed/penal action taken against Bank under various laws and statutes and actions taken for corrective measures;

40. To review the report on revenue leakage detected by internal/external auditors and status of recovery thereof – reasons for under changes and steps taken to prevent revenue leakage;

41. To review the working of the Vigil Department of our Bank;

42. Carrying out any other function as may be required / mandated as per the provisions of the Companies Act, 2013, the SEBI Listing Regulations, any directions, circulars, notification issued by the Reserve Bank of India and/or any other applicable laws;

The audit committee shall mandatorily review the following information:

1. management discussion and analysis of financial condition and results of operations;

2. statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

3. management letters / letters of internal control weaknesses issued by the statutory auditors;

4. internal audit reports relating to internal control weaknesses;

5. the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee; and

6. statement of deviations as and when becomes applicable:

    (a) quarterly statement of deviation(s) submitted to stock exchange(s) in terms of Regulation 32(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

    (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Gurpreet Singh Chug, Independent Director (*Chairperson*)

2. Sham Singh Bains, Independent Director;

3. Gurdeep Singh, Independent Director; and

4. Rakesh Soni, Independent Director.

The Nomination and Remuneration Committee was last reconstituted on September 23, 2021. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013, guidelines issued by the RBI from time to time, and the Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel, material risk takers, as defined by our Bank from time to time and other employees;

2. Formulating of criteria for evaluation of the performance of the independent directors and the Board;

3. Devising a policy on Board diversity;

4. Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal;

5. Analysing monitoring and reviewing various human resources and compensation matters;

6. Determining our Bank's policy on specific remuneration packages for directors including pension rights and any compensation payment, and determine remuneration packages of such directors;

7. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

8. Determining compensation levels payable to the material risk takers and key managerial personnel (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component and recommend to the Board, all remuneration, in whatever form, payable to key managerial personnel, material risk takers, senior management in terms of the compensation policy of our Bank;

9. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended;

10. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

    (i) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or

    (ii) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended; and

11. Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority.

Risk Management Committee

The members of the Risk Management Committee are:

1. Harmesh Khanna, Independent Director (*Chairperson*);

2. Rakesh Soni, Independent Director;

3. Dinesh Gupta, Non-Executive Director; and

4. Gurpreet Singh Chug, Independent Director.

The Risk Management Committee was reconstituted by our Board at their meeting held on September 23, 2021. The terms of reference of the Risk Management Committee of our Bank include the following:

The Risk Management Committee shall also oversee the following functions:

1. Laying down risk management policy and review of procedures relating to risk assessment and risk minimization to ensure that executive management controls risk through appropriate methodology, processes and systems and monitor and evaluate risks associated with the business of our Bank. The risk management policy shall include:

    (a) A framework for identification of internal and external risks specifically faced by our Bank, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

    (b) Measures for risk mitigation including systems and processes for internal control of identified risks.

    (c) Business continuity plan;

2. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity and apprise the Board of Directors at regular intervals regarding the nature

and content of its discussions, recommendations, process of putting in place a progressive risk management system and risk management policy;

3. To monitor and oversee implementation of the risk management policy and decide strategy for risk management containing various risk exposures including credit, market, liquidity and operational risk and periodical review of the same, including adequacy of the risk management systems;

4. To obtain regular risk management reports to enable the Committee to assess risks involved in Bank business and give clear focus to current and forward looking aspects of risk exposure;

5. To review the asset liability management (ALM) of our Bank on a regular basis;

6. To review risk return profile of our Bank, capital adequacy based on risk profile of Bank balance sheet, business continuity plan, disaster recovery plan, key risk indicators and significant risk exposures;

7. To carry out prudent risk diversification ensuring that credit exposure to any group or industry does not exceed the internal limits; and

8. The appointment, removal and terms of remuneration of the Chief Risk Officer shall be subject to review by the Risk Management Committee.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

1. Dinesh Gupta, Non-Executive Director (*Chairperson*);

2. Navin Kumar Maini, Independent Director;

3. Gurdeep Singh, Independent Director; and

4. Sham Singh Bains, Independent Director.

The Stakeholders' Relationship Committee was last reconstituted by the Board at their meeting held on September 23, 2021. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee are as follows:

1. Consider and resolve grievances of security holders of our Bank, including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;

2. Review of measures taken for effective exercise of voting rights by shareholders. Review of adherence to the service standards adopted by our Bank in respect of various services being rendered by the Registrar and Share Transfer Agent;

3. Review of the various measures and initiatives taken by our Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of our Bank;

4. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;

5. Ensure proper and timely attendance and redressal of investor queries and grievances;

6. Carrying out any other functions contained in the Companies Act, 2013 and/or equity listing agreements (if applicable), as and when amended from time to time; and

7. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

1. Sarvjit Singh Samra, Managing Director and Chief Executive Officer (*Chairperson*);

2. Rakesh Soni, Independent Director;

3. Sham Singh Bains, Independent Director; and

4. Gurdeep Singh, Independent Director.

The Corporate Social Responsibility Committee was last reconstituted by the Board at their meeting held on September 23, 2021. The terms of reference of the Corporate Social Responsibility Committee of our Bank include the following:

1. To formulate and recommend to the Board of Directors, the CSR Policy, indicating the CSR activities to be undertaken as specified in Schedule VII of the Companies Act, 2013, as amended;

2. To recommend to the Board of Directors, the amount of expenditure to be incurred on the CSR activities ;

3. To monitor the CSR Policy and its implementation by our Bank from time to time;

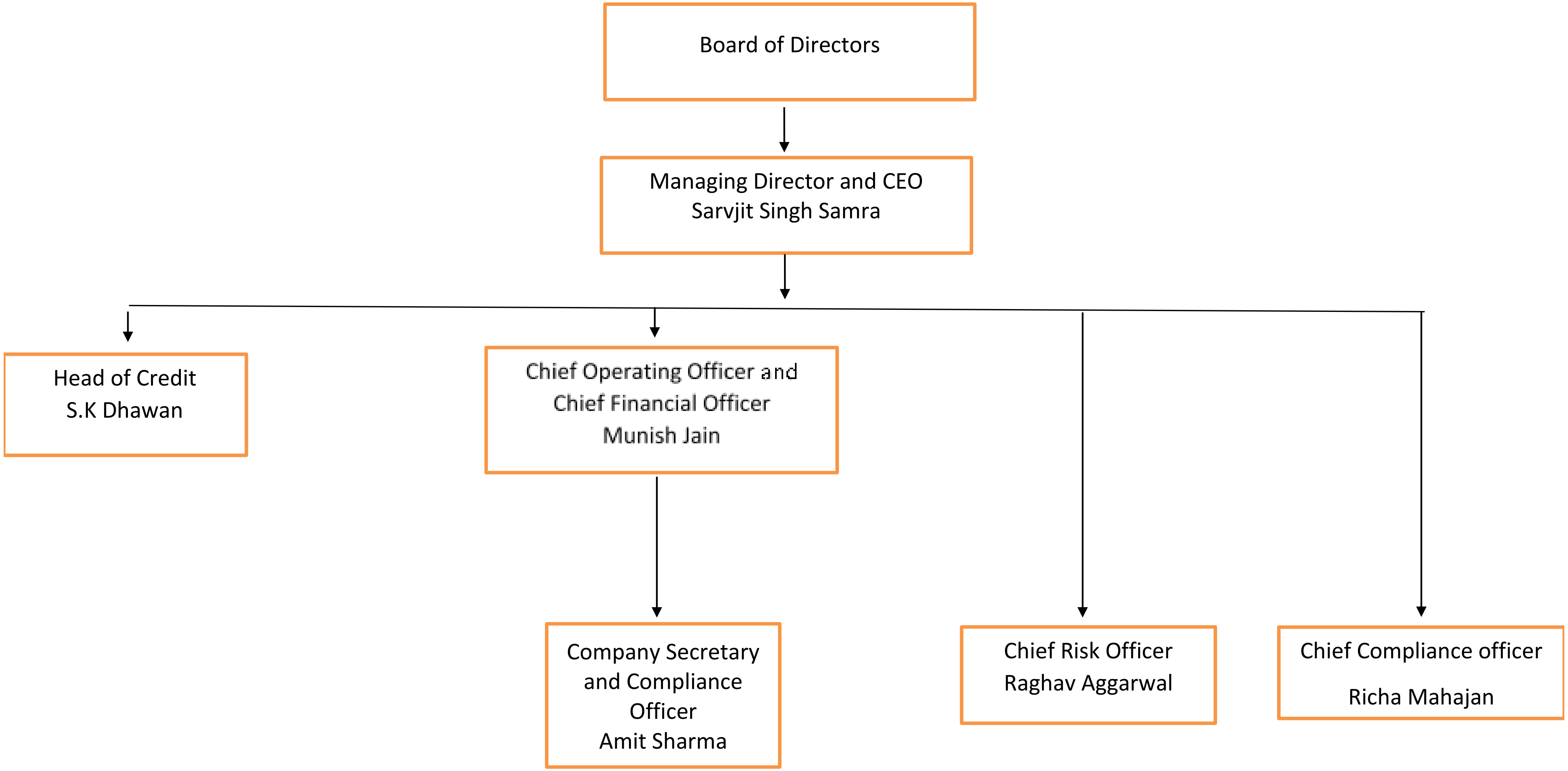
4. To approve the CSR projects of our Bank; and

5. To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act, 2013, as amended and the rules framed thereunder.

Other committees of our Bank

In addition to the committees mentioned above, our Bank has constituted various other committees, such as the management committee, securities committee, IT strategy committee and the special committee on frauds, to oversee and govern various internal functions and activities of our Bank.

Management Organisation Chart



Key Managerial Personnel

The details of the Key Managerial Personnel of our Bank, in addition to Sarvjit Singh Samra, who is our Managing Director and Chief Executive Officer, are as follows:

Munish Jain is the Chief Operating Officer and Chief Financial Officer of our Bank. He holds a bachelor's degree in commerce from Guru Nanak Dev University. He is a fellow member of the Institute of Chartered Accountants of India and a fellow member of the Institute of Company Secretaries of India. He has over 21 years of experience in the banking sector, including in finance, compliance, treasury, strategic decision making and execution of strategic decisions. He has completed programmes on leadership of banks and financial institutions, advanced corporate finance and risk modelling and management from the Indian Institute of Management, Ahmedabad. He has also completed a programme on the International Financial Reporting Standards from the Reserve Bank of India and the 'Strategem – Strategy Meets Leadership Programme' from INSEAD, Fontainebleau, France. He has previously served as the company secretary of our Bank and has been associated with our Bank since 2000. He was appointed as our Chief Operating Officer and Chief Financial Officer in 2017. During Fiscal 2021, he received a remuneration of ₹14.37 million from our Bank.

Amit Sharma is the Company Secretary and Compliance Officer of our Bank. He is a fellow member of the Institute of Company Secretaries of India. He holds a bachelor's degree in arts from the Maharshi Dayanand Saraswati University and has completed a master's course in business administration from Punjab Technical University, and a master's degree in information technology from the Central Queensland University, Australia. He has significant experience in compliance, corporate secretarial responsibilities and information technology. He was previously associated with HCL Technologies Ltd – BPO Services and has been associated with our Bank since March 2018 and was appointed as our Company Secretary in 2019. During Fiscal 2021, he received a remuneration of ₹0.76 million from our Bank.

Santosh Kumar Dhawan is the Head of the Credit Department / Head Office of our Bank. He holds a bachelor's degree in science and a bachelor's degree in law from Guru Nanak Dev University. He is also a certified associate of the Indian Institute of Bankers. He has significant experience in the banking industry. He has previously been associated with Punjab National Bank. He has been associated with our Bank since 2001 in various profiles including retail branch banking and retail credit. He has been serving as the Head of our Credit Department / Head Office since 2017. During Fiscal 2021, he received a remuneration of ₹2.62 million from our Bank.

Raghav Aggarwal is the Chief Risk Officer of our Bank. He holds a bachelor's degree in commerce from Guru Nanak Dev University and is a fellow member of the Institute of Chartered Accountants of India. He has also completed the certification programme in IT and cyber security for CXOs from the Institute for Development and Research in Banking Technology. He has been associated with our Bank since 2015 in various profiles including credit sanctioning and monitoring, and has been serving as our Chief Risk Officer since 2020. He has previously been associated with a practising chartered accountant firm. During Fiscal 2021, he received a remuneration of ₹1.77 million from our Bank.

Richa Mahajan is the Chief Compliance Officer of our Bank. She is a member of the Institute of Chartered Accountants of India and has also completed a certificate course on concurrent audit of banks, conducted by the Internal Audit Standards Board of the Institute of Chartered Accountants of India. Further, she has passed the CAIIB examination of the Indian Institute of Banking & Finance. She has also participated in the programme on information system control and audit by the Institute for Development and Research in Banking Technology. She has been associated with our Bank since 2002 and has previously served as the head of our audit and control department since 2011. She was appointed as our Chief Compliance Officer in June 2021. During Fiscal 2021, she received a remuneration of ₹1.82 million from our Bank.

Relationship between our Key Managerial Personnel, and our Key Managerial Personnel and Directors

None of the Key Managerial Personnel are either related to each other or to our Directors.

Shareholding of Key Managerial Personnel

Set forth below is the shareholding of our Key Managerial Personnel as on the date of this Draft Red Herring Prospectus:

S. No.	Name of the Key Managerial Personnel	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)
1.	Sarvjit Singh Samra	4,174,619	12.28
2.	Munish Jain	182,607	0.54
3.	Amit Sharma	172	Negligible
4.	Santosh Kumar Dhawan	2,220	0.01
5.	Raghav Aggarwal	5,780	0.02
6.	Richa Mahajan	9,858	0.03
Total		**4,375,256**	**12.87**

For details of ESOPs held by our Key Managerial Personnel as on the date of this Draft Red Herring Prospectus, see "*Capital Structure – Employee stock option schemes*" on page 94.

Bonus or profit-sharing plans

None of our Key Managerial Personnel is party to any bonus or profit-sharing plan of our Bank, other than the performance linked incentives given to Key Managerial Personnel.

Status of Key Managerial Personnel

All our Key Managerial Personnel are permanent employees of our Bank.

Interests of Key Managerial Personnel

None of the Key Managerial Personnel of our Bank have any interest in our Bank other than to the extent of the remuneration or benefits, including ESOPs, to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. Some of our Key Managerial Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in our Bank.

Arrangements and understanding with major Shareholders

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Managerial Personnel was selected as key managerial personnel.

Changes in the Key Managerial Personnel

The changes in the Key Managerial Personnel in the last three years are as follows:

Name	Date of change	Reason for change
Amit Sharma	May 17, 2019	Appointment as the Company Secretary
Sahil Vijay	May 17, 2019	Resignation as the company secretary of our Bank

Service Contracts with Directors and Key Managerial Personnel

Other than statutory benefits upon termination of their employment in our Bank on retirement, no officer of our Bank, including our Directors and the Key Managerial Personnel has entered into a service contract with our Bank pursuant to which they are entitled to any benefits upon termination of employment.

Contingent and deferred compensation payable to our Director and Key Managerial Personnel

Other than deferred compensation as disclosed below, payable to (i) Sarvjit Singh Samra; and (ii) Munish Jain, there is no contingent or deferred compensation payable to our Directors and Key Managerial Personnel, which does not form a part of their remuneration.

(i) Sarvjit Singh Samra

Variable pay approved for Financial Year 2021 in the meeting of Board of Directors dated May 11, 2021:

Description	Amount (in ₹ millions)	Payment Due Date
<u>Cash Component*</u>		
Upfront Payment	3.14	
First Year Deferred Payment	1.57	April 30, 2022
Second Year Deferred Payment	1.57	April 30, 2023
Third Year Deferred Payment	1.57	April 30, 2024

* *Subject to receipt of RBI approval*

(ii) <u>Munish Jain</u>

Variable pay approved for Financial Year 2021 in the meeting of Nomination and Remuneration Committee dated May 6, 2021:

Description	Amount (in ₹ millions)	Payment Due Date
<u>Cash Component</u>		
Upfront Payment	2.45	May 12, 2021
First Year Deferred Payment	0.81	April 30, 2022
Second Year Deferred Payment	0.81	April 30, 2023
Third Year Deferred Payment	0.81	April 30, 2024
<u>Non-Cash (ESOP)</u>		
First Year Deferred Component	6,417 Options	April 30, 2022 (vesting date)
Second Year Deferred Component	6,417 Options	April 30, 2023 (vesting date)
Third Year Deferred Component	6,417 Options	April 30, 2024 (vesting date)

Payment or benefit to Key Managerial Personnel

No amount or benefit has been paid or given, in the two years preceding the date of this Draft Red Herring Prospectus, or is intended to be paid or given to any of our Bank's officers except remuneration for services rendered as Directors, officers or employees of our Bank.

Employees stock option

For details of our employee stock options, see "*Capital Structure –Employee stock option schemes*" on page 94.

OUR PROMOTERS AND PROMOTER GROUP

The Promoters of our Bank are:

1. Sarvjit Singh Samra,

2. Amarjit Singh Samra,

3. Navneet Kaur Samra,

4. Surinder Kaur Samra, and

5. Dinesh Gupta.

As on the date of this Draft Red Herring Prospectus, our Promoters hold 7,932,689 Equity Shares equivalent to 23.33% of the issued, subscribed and paid-up Equity Share capital of our Bank. For further details on the build-up of our Promoters' shareholding in our Bank, see "*Capital Structure - Build-up of the shareholding of our Promoters in our Bank*" on page 84.

Our Promoters

Sarvjit Singh Samra

Sarvjit Singh Samra, aged 57 years, is the Managing Director and Chief Executive Officer of our Bank. He is a resident Indian national.

Sarvjit Singh Samra holds 41,74,619 Equity Shares in our Bank, equivalent to 12.28% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Bank.

His permanent account number is ABNPS2285H and his Aadhaar card number is 9633 5634 7498. His driver's license number is PB-0820130152238.

For the complete profile of Sarvjit Singh Samra along with details of his educational qualifications, experience in the business or employment, positions/posts held in past, directorships held, special achievements, business and financial activities, see "*Our Management*" on page 184.

Amarjit Singh Samra

Amarjit Singh Samra, born on March 1, 1943 and aged 78 years, is a resident Indian national. He resides at House Number 182, Near Samra Chowk, New Jawahar Nagar, Jalandhar – I, Jalandhar 144 001, Punjab, India. He has a bachelor's degree in Science (Agriculture and Animal Husbandry) from Punjab Agricultural University. He has over 32 years of experience in asset finance and has previously served as a director of the Jalandhar Central Cooperative Bank Limited and as the chairman of The Punjab State Cooperative Supply and Marketing Federation Limited. He has also served as the managing director of Doaba Finserve Private Limited (formerly known as Midland Financiers Doaba Private Limited) and of the erstwhile Gobind Finance & Properties Private Limited.

Amarjit Singh Samra holds 1,640,864 Equity Shares in our Bank, equivalent to 4.83% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Bank. He is not involved in any other venture.

His permanent account number is ABOPS1739B and his Aadhaar card number is 2115 5152 7459. His driver's license number is PB-0820070126226.

Navneet Kaur Samra

Navneet Kaur Samra, born on August 28, 1967 and aged 54 years, is a resident Indian national. She resides at House Number 182, Near Samra Chowk, New Jawahar Nagar, Jalandhar – I, Jalandhar 144 001, Punjab, India. She has completed her matriculation from Punjab School Education Board. She has over nine years of experience in asset finance and has previously served as the managing director of Wepay Finance Private Limited (formerly known as Samra Leasing Private Limited).

Navneet Kaur Samra holds 884,800 Equity Shares in our Bank, equivalent to 2.60% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Bank. She is not involved in any other venture.

	Her permanent account number is AERPK7574E and her Aadhaar card number is 7623 8831 6207. Her driver's license number is PB-0820070093150.
	**Surinder Kaur Samra** Surinder Kaur Samra, born on June 21, 1941 and aged 80 years, is a resident Indian national. She resides at House Number 182, New Jawahar Nagar, Jalandhar - I, Jalandhar 144 001, Punjab, India. She has completed her bachelor's course in Arts from Panjab University and holds a bachelor's degree in Teaching from Panjab University. She has over 22 years of experience in asset finance and has previously served as the managing director of Glosec Finance Private Limited (formerly known as Midland Motor Finance Company Private Limited). Surinder Kaur Samra holds 936,486 Equity Shares in our Bank, equivalent to 2.75% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Bank. She is not involved in any other venture. Her permanent account number is AERPK7450D and her Aadhaar card number is 7774 7575 2197. She does not have a driving license.
	**Dinesh Gupta** Dinesh Gupta is a Non-Executive Director of our Bank. He is a resident Indian national. Dinesh Gupta holds 295,920 (jointly with Deepali Gupta) Equity Shares in our Bank, equivalent to 0.87% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Bank. His permanent account number is AENPG0414P and his Aadhaar card number is 8940 0230 6325. He does not have a driving license. For the complete profile of Dinesh Gupta along with details of his educational qualifications, experience in the business or employment, positions/posts held in past, directorships held, other ventures, special achievements, business and financial activities, see "*Our Management*" on page 184.

Our Bank confirms that the permanent account numbers, bank account number(s) and passport numbers of our Promoters shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

Interests of our Promoters

Our Promoters are interested in our Bank to the extent they have promoted our Bank and to the extent: (i) of their shareholding in our Bank and dividend payable, if any, and other distributions in respect of the Equity Shares held by them; (ii) that Sarvjit Singh Samra is the Managing Director and Chief Executive Officer of our Bank and receives remuneration from our Bank in this regard; (iii) Dinesh Gupta is a Non-Executive Director and receives remuneration from our Bank; and (iv) that our Promoters are also customers of our Bank and operate their savings accounts, current accounts and term deposits from our Bank. For details, see "*Capital Structure – Build-up of the shareholding of our Promoters in our Bank*", "*Our Management – Remuneration paid to our Executive Director*", and "*Other Financial Information – Related Party Transactions*" on pages 84, 189 and 294, respectively.

No sum has been paid or agreed to be paid to any of our Promoters or to the firms or companies in which our Promoters are interested as members in cash or shares or otherwise by any person, either to induce them to become or to qualify them, as directors or promoters or otherwise for services rendered by our Promoters or by such firms or companies in connection with the promotion or formation of our Bank.

Our Promoters are not interested in the properties acquired by our Bank in the three years preceding the date of filing of this Draft Red Herring Prospectus or proposed to be acquired by our Bank, or in any transaction by our Bank for the acquisition of land, construction of building or supply of machinery.

Certain of our offices are located on land which is owned by Sarvjit Singh Samra, Amardeep Singh Samra, Amarjit Singh Samra, Surinder Kaur Samra, Navneet Kaur Samra and Gagan Samra, and has been obtained on lease by our Bank pursuant to rent agreements. For details, see "*Risk Factors – Our Promoters, certain of our Directors and Key Managerial Personnel have interests in us other than reimbursement of expenses incurred and normal remuneration or benefits*" on page 48.

None of our Promoters are engaged in business activities similar to those of our Bank.

Payment of benefit to our Promoters or Promoter Group during the two years preceding the filing of this Draft Red Herring Prospectus

Except in the ordinary course of business and as disclosed in "*Restated Financial Information –Related Party Disclosure"* on page 275, no amount or benefit has been paid or given to our Promoters or members of our Promoter Group during the two years preceding the filing of this Prospectus nor is there any intention to pay or give any amount or benefit to our Promoters or members of our Promoter Group.

Experience in the business of our Bank

Our Promoters have adequate experience in the business of our Bank. For details in relation to experience of Sarvjit Singh Samra and Dinesh Gupta in the business of our Bank, see "*Our Management – Brief Biographies of Directors*" on page 187, and for details in relation to the experience of Amarjit Singh Samra, Navneet Kaur Samra and Surinder Kaur Samra, see "*– Our Promoters*" above.

Material guarantees given by our Promoters to third parties with respect to Equity Shares of our Bank

Our Promoters have not given any material guarantees to third parties with respect to the Equity Shares of our Bank.

Companies or firms with which our Promoters have disassociated in the last three years

Our Promoters have not disassociated themselves from any company or firm in the three years immediately preceding the date of this Draft Red Herring Prospectus.

Change in the control of our Bank

There has not been any change in the control of our Bank in the five years immediately preceding the date of this Draft Red Herring Prospectus.

Our Promoter Group

Natural persons who are part of the Promoter Group other than our Individual Promoter

The persons forming part of our Promoter Group (other than our Promoters) are as follows:

Name of the Promoter	Name of the relative	Relationship
Sarvjit Singh Samra	Amardeep Singh Samra	Brother
	Amarpreet Kaur Hayer	Sister
	Shahbaz Singh Samra	Sons
	Sangram Singh Samra	
Amarjit Singh Samra	Amardeep Singh Samra	Son
	Amarpreet Kaur Hayer	Daughter
Surinder Kaur Samra	Jaswinder Singh	Brother
	Amardeep Singh Samra	Son
	Amarpreet Kaur Hayer	Daughter
Navneet Kaur Samra	Surinder Kaur Bhatti	Mother
	Shahbaz Singh Samra	Sons
	Sangram Singh Samra	
	Amarinder Singh	Brother
Dinesh Gupta	Deepali Gupta	Wife
	Harish Gupta	Brothers
	Raman Kumar Gupta	
	Minni Gupta	Sister
	Kumar Shalya Gupta	Sons
	Shubham Gupta	
	Maya Mittal	Spouse's Mother
	Gaurav Mittal	Spouse's Brother
	Monica Mittal	Spouse's Sister

Entities forming part of the Promoter Group

1. Dinesh Gupta HUF;
2. Wepay Foodtech Private Limited;

3. DSB Edutech Private Limited;
4. KMG Consultants;
5. DSB Law Group Private Limited;
6. Dinesh Gupta & Co. Company Secretaries;
7. M/s Amarjit and Company, Jalandhar;
8. New Patiala Bus Service Regd.;
9. Libra Express Regd.; and
10. M/s. Universal Holidays.

OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations and pursuant to the resolution passed by our Board at its meeting held on September 23, 2021, group companies of our Bank shall include (i) the companies with which there were related party transactions as per the Restated Financial Information of our Bank read with "*Other Financial Information – Related Party Transactions*" on page 294, during any of the last three financial years (and stub period, if any, in respect of which, Restated Financial Information are included in this Draft Red Herring Prospectus); (ii) the companies forming part of the promoter group with whom our Bank has entered into one or more transactions during the last completed financial year and the most recent period included in the restated financial information, if any, which individually or cumulatively exceeds 10% of the total revenue of our Bank for that financial year as per the Restated Financial Information; or (iii) such other companies as deemed material by our Board.

Accordingly, in terms of the policy adopted by our Board for determining group companies, our Board has not identified any companies as the group companies of the Bank.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Banking Regulation Act and regulations made thereunder, the RBI Act and the regulations and guidelines made thereunder, the Articles of Association and other applicable laws, including the Companies Act, 2013. Our Bank has no formal dividend policy as on the date of this Draft Red Herring Prospectus.

The dividend, if any, will depend on a number of factors, including but not limited to, the future expansion plans and capital requirements, profit earned during the Fiscal, past dividend trends, liquidity and applicable taxes including optimal capital adequacy ratio subject to regulatory minimum of total and Tier I capital adequacy ratio, additional regulatory requirements of capital in near future cost of raising funds from alternate sources, reinvestment opportunities and any other applicable criteria from the legal or regulatory framework applicable to our Bank. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Bank is currently availing of or may enter into to finance our fund requirements for our business activities.

Our Bank may also, from time to time, pay interim dividends. Our past practices with respect to the declaration of dividends are not necessarily indicative of our future dividend declaration. For details in relation to risks involved in this regard, see "*Risk Factors –Our ability to pay dividends in the future will depend on our financial condition, results of operations, cash flows, capital requirements, capital expenditures as well as compliance with applicable RBI regulations* " on page 41.

Equity Shares

The dividend declared and paid on Equity Shares by our Bank during the last three Financial Years and the current Financial Year is set out in the following table:

Particulars	Financial Performance (For the Financial Year)			For the three months period ended June 30, 2021	Period between last audited period and the date of filing this Draft Red Herring Prospectus
	2019	2020	2021		
Number of Equity Shares	28,480,743	33,807,217	33,910,681	34,002,967	34,002,967
Face value per Equity Share (in ₹)	10	10	10	10	10
Amount dividend (in ₹ million)	6.02	NA	27.20	NA	NA
Dividend per Equity Share (in ₹)*	0.20	NA	0.80	NA	NA
Rate of dividend (%)	2	NIL	8	NIL	NIL
Mode of payment of dividend	Warrants/Online Transfer	NA	Warrants/Online Transfer	NA	NA
Dividend distribution tax	1.24	NA	NA	NIL	NIL

**Excluding dividend distribution tax*

SELECTED STATISTICAL INFORMATION

This section should be read together with the Restated Financial Information, including the notes thereto, in "*Financial Statements*" on page 225 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 295.

Our fiscal year commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information included herein is derived from our Restated Financial Information included in this Draft Red Herring Prospectus.

The following information is included for analytical purposes. Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures and other statistical and operational information are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere.

Average Balance Sheet, Interest Earned/Expended and Yield/Cost

The tables below present the average balances for interest-earning assets and interest-bearing liabilities of our Bank together with the related interest income and expense amounts, resulting in the presentation of the average yields and cost for each period. The average yield on average assets is the ratio of interest income to average interest-earning assets. The average cost on average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities.

(₹ in million, except percentages)

	As at and for the														
	Quarter ended June 30, 2021			**Quarter ended June 30, 2020**			**Year ended March 31, 2021**			**Year ended March 31, 2020**			**Year ended March 31, 2019**		
	Average Balance [A]	**Interest Earned/ Expended [B]**	**Yield/ Cost (%) [C = B/A]**	**Average Balance [A]**	**Interest Earned/ Expended [B]**	**Yield/ Cost (%) [C = B/A]**	**Average Balance [A]**	**Interest Earned/ Expended [B]**	**Yield/ Cost (%) [C = B/A]**	**Average Balance [A]**	**Interest Earned/ Expended [B]**	**Yield/ Cost (%) [C = B/A]**	**Average Balance [A]**	**Interest Earned/ Expended [B]**	**Yield/ Cost (%) [C = B/A]**
Interest-earning assets:															
Advances	36375.60	1,001.53	11.01%	31739.50	911.73	11.49%	33090.00	3,724.31	11.26%	28587.70	3,306.60	11.57%	21115.30	2,416.79	11.45%
Investments	11829.40	208.92	7.06%	12251.20	210.03	6.86%	12268.80	846.81	6.90%	10085.00	729.05	7.23%	8715.50	643.42	7.38%
Interbank placements	6644.60	106.27	6.40%	5558.20	109.92	7.91%	5738.20	423.25	7.38%	5529.60	499.96	9.04%	4091.90	363.85	8.89%
Others	5460.60	47.64	3.49%	1609.60	10.32	2.56%	3482.70	120.02	3.45%	950.40	45.74	4.81%	801.60	38.85	4.85%
Total interest-earning assets	60310.20	1364.36	9.05%	51158.50	1242.00	9.71%	54579.70	5114.39	9.37%	45152.70	4581.35	10.15%	34724.30	3462.91	9.97%
Non-interest-earning assets:															
Fixed assets	863.80	-	-	894.74	-	-	888.90	-	-	897.17	-	-	755.07	-	-
Other assets	3,086.00	-	-	2,611.46	-	-	2,975.60	-	-	2,930.53	-	-	2,282.03	-	-
Total non-interest-earning assets	3,949.80	-	-	3,506.20	-	-	3,864.50	-	-	3,827.70	-	-	3,037.10	-	-
Total assets	64,260.00	-	-	54,664.70	-	-	58,444.20	-	-	48,980.40	-	-	37,761.40	-	-

	As at and for the														
	Quarter ended June 30, 2021			Quarter ended June 30, 2020			Year ended March 31, 2021			Year ended March 31, 2020			Year ended March 31, 2019		
	Average Balance [A]	Interest Earned/ Expended [B]	Yield/ Cost (%) [C = B/A]	Average Balance [A]	Interest Earned/ Expended [B]	Yield/ Cost (%) [C = B/A]	Average Balance [A]	Interest Earned/ Expended [B]	Yield/ Cost (%) [C = B/A]	Average Balance [A]	Interest Earned/ Expended [B]	Yield/ Cost (%) [C = B/A]	Average Balance [A]	Interest Earned/ Expended [B]	Yield/ Cost (%) [C = B/A]
Interest-bearing liabilities:															
CASA	21,953.01	181.72	3.31%	17,077.51	151.12	3.54%	19,012.50	660.58	3.47%	15,630.09	554.53	3.55%	12,950.21	466.23	3.60%
Term Deposits	31,844.89	513.62	6.45%	28,587.49	530.47	7.42%	30,002.80	2,122.56	7.07%	25,966.91	1,983.86	7.64%	19,722.99	1,446.04	7.33%
Total Deposits	53,797.90	695.34	5.17%	45,665.00	681.59	5.97%	49,015.30	2,783.14	5.68%	41,597.00	2,538.39	6.10%	32,673.20	1,912.27	5.85%
Borrowings	5358.2	98.53	7.36%	4469.7	85.16	7.62%	4603.5	345.14	7.50%	3707.4	316.73	8.54%	2266.4	199.24	8.79%
Total interest-bearing liabilities	59156.10	793.87	5.37%	50134.7	766.75	6.12%	53618.8	3,128.28	5.83%	45304.4	2,855.12	6.30%	34,939.60	2,111.51	6.04%
Non-interest-bearing liabilities:															
Capital and reserves	4602.10	-	-	4091.30	-	-	4258.38	-	-	3329.43	-	-	2422.90	-	-
Other liabilities	501.80	-	-	438.70	-	-	567.02	-	-	346.57	-	-	398.90	-	-
Total non-interest-bearing liabilities	5103.90	-	-	4530.00	-	-	4825.40	-	-	3676.00	-	-	2821.8	-	-
Total liabilities	64260.00	-	-	54664.70	-	-	58444.20	-	-	48980.40	-	-	37761.40	-	-

Notes:

1. *Average balances of all interest earning assets and interest bearing liabilities represent average of daily outstanding balances.*
2. *Average for non-interest earning assets and non-interest bearing liabilities represent average of month end outstanding balances for the given period.*
3. *Interest earned on advances includes interest on advances net of NPAs interest reversals. Interest earned on investments includes interest earned on government securities, treasury bills, cash management bill, bonds and other securities. Interest earned on interbank placements include interest on interbank deposits and interest earned on others include interest earned on money at call and short notice, reverse repo and others.*
4. *Interest expended comprises interest expended on deposits and borrowings.*
5. *Yield/Cost is calculated as interest earned/expended divided by the average balance.*
6. *Borrowings include borrowing from the other banks & institutions, refinance from SIDBI & NABARD and Tier II debt instruments.*
7. *CASA includes outstanding balances of current deposits and saving deposits as at the end of the periods*
8. *Other assets include cash in hand, balance with the Reserve Bank of India in current account, balances with banks in current accounts and other non-interest earning assets.*
9. *Other liabilities include bills payable, interest accrued on deposits, provision on NPAs and standard assets and other non-interest bearing liabilities.*

Analysis of Changes in Interest Earned and Interest Expended by Volume and Rate

The following tables set forth the analysis of the changes in our Bank's interest earned and interest expended between average volume and changes in rates.

(₹ in million, except percentages)

	Year ended March 31, 2021 vs Year ended March 31, 2020		
	Net Changes in Interest	Change in Average Volume	Change in Average Rate
Interest earned:			
Advances	417.71	506.74	(89.03)
Investments	117.76	150.73	(32.97)
Inter bank placements	(76.71)	15.39	(92.10)
Others	74.27	87.26	12.99
Total interest earned [A]	533.03	760.12	(227.09)
Interest expended:			
Deposits	244.75	421.22	(176.47)
Borrowings	28.41	67.18	(38.77)

	Year ended March 31, 2021 vs Year ended March 31, 2020		
	Net Changes in Interest	**Change in Average Volume**	**Change in Average Rate**
Total interest expended [B]	**273.16**	**488.40**	**(215.24)**
Net Interest Income [A-B]	**259.87**	**271.72**	**(11.84)**

	Year ended March 31, 2020 vs Year ended March 31, 2019		
	Net Changes in Interest	**Change in Average Volume**	**Change in Average Rate**
Interest earned:			
Advances	889.81	864.29	25.52
Investments	85.63	99.00	(13.37)
Inter bank placements	136.11	129.99	6.12
Others	6.89	7.16	(0.27)
Total interest earned [A]	**1,118.44**	**1,100.44**	**18.00**
Interest expended:			
Deposits	626.12	544.56	81.56
Borrowings	117.49	123.11	(5.62)
Total interest expended [B]	**743.61**	**667.67**	**75.94**
Net Interest Income [A-B]	**374.83**	**432.77**	**(57.94)**

Notes:

1. *The changes in interest earned, interest expended and Net Interest Income between the periods have been reflected as attributed either to volume or rate changes. For purposes of this table, changes that are due to both volume and rates have been allocated solely to changes in rate.*
2. *Change in average volume is computed as the increase in average balances for the year multiplied by yield/cost for Fiscal 2021 and Fiscal 2020, as the case may be.*
3. *Change in average rate represents the average balance for Fiscal 2021 and Fiscal 2020, as the case may be, multiplied by change in rates during the respective year during the relevant year.*
4. *Other includes interest earned and money at call at short notice, reverse repo etc.*

Yields, Interest Spread, Cost of Funds and Net Interest Margin

The following tables set forth, for the periods indicated, the yields, spreads and interest margins on the Bank's interest-earning assets. Unless otherwise indicated average balances are the averages for the period

(₹ in million, except percentages)

	Quarter ended June 30, 2021	**Quarter ended June 30, 2020**
Interest earned[(1)] [A]	1364.36	1242.00
Of which:		
Interest/discount earned on advances/bills [B]	1,001.53	911.73
Interest expended[(2)] [C]	793.87	766.75
Of which:		
Interest expended on Deposits[D]	695.34	681.59
Net Interest Income [E =A-C]	570.49	475.25
Average Interest-Earning Advances[(3)] [F]	36375.60	31,739.50
Average Total Interest-Earning Assets[(4)] [G]	60310.20	51158.50
Average Total Assets [H]	64260.00	54664.70
Average total Deposits [I]	53797.90	45665.00
Average Total Interest-Bearing Liabilities[(5)] [J]	59156.10	50134.7
Average Total Interest-Earning Assets as a percentage of Average Total Interest-Bearing Liabilities [K = G/J]	101.95%	102.04%
Average Interest-Earning Advances as a percentage of Average Total Assets [L = F/H]	56.61%	58.06%
Average Total Interest-Earning Assets as a percentage of Average Total Assets [M = G/H]	93.85%	93.59%
Average Total Interest-Bearing Liabilities as a percentage of Average Total Assets [N = J/H]	92.06%	91.71%
Yield on Average Total Interest-Earning Assets [O = A/G]	9.05%	9.71%
Yield on Average Interest-Earning Advances [P = B/F]	11.01%	11.49%
Cost of deposit[Q=D/I]	5.17%	5.97%
Interest spread[R=P-Q]	5.84%	5.52%
Net Interest Margin (%) [R = E/H]	3.55%	3.48%
Cost of funds[(6)]	5.37%	6.12%

Notes:

1. *Interest earned includes interest earned on Advances, investments and others.*
2. *Interest expended includes interest expended on deposits and borrowings.*
3. *Average interest earnings advances represent average of daily balances of advances for the period.*
4. *Average total interest earning assets include average balances of advances, Investments and other interest earning assets.*
5. *Average interest bearing liabilities includes average of daily balances of deposits and borrowings.*
6. *Cost of fund is interest expanded on average interest bearing liabilities.*

(₹ in million, except percentages)

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Interest earned[(1)] [A]	5,114.39	4,581.35	3,462.91
Of which:			
Interest/discount earned on advances/bills [B]	3,724.31	3,306.60	2,416.79
Interest expended[(2)] [C]	3,128.28	2,855.12	2,111.51
Of which:			
Interest expended on Deposits[D]	2783.14	2538.39	1912.27
Net Interest Income [E =A-C]	1,986.11	1,726.23	1,351.40
Average Interest-Earning Advances[(3)] [F]	33,090.00	28,587.70	21,115.30
Average Total Interest-Earning Assets[(4)] [G]	54,579.70	45,152.70	34,724.30
Average Total Assets [H]	58,444.20	48,980.40	37,761.40
Average total Deposits [I]	49015.30	41597.00	32673.20
Average Total Interest-Bearing Liabilities[(5)] [J]	53,618.80	45,304.40	34,939.60
Average Total Interest-Earning Assets as a percentage of Average Total Interest-Bearing Liabilities [K = G/J]	101.79%	99.67%	99.38%
Average Interest-Earning Advances as a percentage of Average Total Assets [L = F/H]	56.62%	58.37%	55.92%
Average Total Interest-Earning Assets as a percentage of Average Total Assets [M = G/H]	93.39%	92.19%	91.96%
Average Total Interest-Bearing Liabilities as a percentage of Average Total Assets [N = J/H]	91.74%	92.49%	92.53%
Yield on Average Total Interest-Earning Assets [O = A/G]	9.37%	10.15%	9.97%
Yield on Average Interest-Earning Advances [P = B/F]	11.26%	11.57%	11.45%
Cost of deposit[Q=D/I]	5.68%	6.10%	5.85%
Interest spread[R=P-Q]	5.58%	5.47%	5.60%
Net Interest Margin [R = E/H]	3.40%	3.52%	3.58%
Cost of funds	5.83%	6.30%	6.04%

Notes:

1. *Interest earned includes interest earned on Advances, investments and others.*
2. *Interest expended includes interest expended on deposits and borrowings.*
3. *Average interest earnings advances represent average of daily balances of advances for the period.*
4. *Average total interest earning assets include average balances of advances, Investments and other interest earning assets.*
5. *Average interest bearing liabilities includes average of daily balances of deposits and borrowings.*
6. *Cost of fund is interest expanded on average interest bearing liabilities.*

Financial Ratios of our Bank

I. Ratios on Average total assets:

The following tables set forth important ratios of the Bank on average total assets for the periods indicated

	For the Quarter ended June 30, 2021	For the Quarter ended June 30, 2020	For the Year ended March 31, 2021	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Interest Spread[(1)]	5.84%	5.52%	5.58%	5.47%	5.60%
Net Interest Margin[(2)]	3.55%	3.48%	3.40%	3.52%	3.58%
Non-interest Income[(3)]	0.68%	0.61%	0.78%	0.88%	0.83%
Net total Income[(4)]	4.23%	4.09%	4.18%	4.40%	4.41%
Operative expenses[(5)]	2.83%	2.95%	2.96%	3.33%	3.50%
Operating margin[(6)]	1.40%	1.14%	1.22%	1.07%	0.91%
Credit Cost[(7)]	0.40%	0.49%	0.30%	0.36%	0.18%
ROA[(8)]	0.76%	0.50%	0.70%	0.52%	0.51%

Notes:

1. *Interest spread is the difference of yield on advances and cost of deposits.*
2. *Net interest margin is the difference of interest earned and interest expended divided by the average total assets.*
3. *It is ratio of non-interest income to average total assets. Non-interest income includes income from insurance, commission income, profits on sale of investments, fees received from PSLC sale and other miscellaneous income.*
4. *Net total income ratios is total of net interest and non-interest income.*
5. *It is ratios of total operating expense other than interest expended to average total assets.*
6. *Operating margin is difference between net total income and operating expense ratios.*
7. *It is ratio of total provisions created for advances to average total assets. Provision includes provision created during the period for NPAs and standard advances.*
8. *ROA represents ratios of profit after tax to average total assets.*

II. Other Key ratios:

The following tables set forth certain key financial indicators of the bank for the periods indicated:

	For the Quarter ended June 30, 2021	For the Quarter ended June 30, 2020	For the Year ended March 31, 2021	For the Year ended March 31, 2020	For the Year ended March 31, 2019
RO AUM(1)	1.34 %	0.86%	1.23%	0.89%	0.92%
ROE(2)	10.65%	6.63%	9.51%	7.73%	8.02%
Cost to income ratio(3)	66.79%	72.10%	70.75%	75.77%	79.41%
Operating expense to average total assets(4)	2.83%	2.95%	2.96%	3.33%	3.50%
Dividend pay-out ratio(5)	-	-	6.67%	-	3.10%
CD Ratio(6)	67.13%	67.49%	72.07%	74.79%	71.14%
Deposit to advances ratio(7)	148.96%	148.17%	138.75%	133.71%	140.57%
CASA to total deposit ratio(8)	40.48%	37.21%	40.07%	36.31%	38.39%
Retail Term Deposit to Total term deposit ratio(9)	94.72%	90.83%	95.99%	89.00%	90.79%
LCR(10)	381.14%	530.64%	441.49%	357.57%	274.04%

Notes:

1. *RO AUM is ratio of Profit after tax to average advances. Average advances is average of daily balances of advances.*
2. *ROE is ratio of profit after tax to average net worth. Average net worth is average of opening and closing balances of Capital plus reserves and surplus.*
3. *Cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net in terest income and non-interest income).*
4. *Dividend pay-out ratio is the ratio of dividend to adjusted net profit (after dividend tax).*
5. *It represents ratios of total operating expense other than interest expended to average total assets.*
6. *Credit to deposit ratio is calculated as a ratio of total advances to total deposits as at end of the period.*
7. *Deposit to advances ratio represents ratio of total deposits to total advances as at end of period.*
8. *CASA includes outstanding balances of current deposits and saving deposit as at the end of the periods. To derive ratio, total CASA is divided by total deposits.*
9. *Retail term deposit excludes bulk deposit and interbank term deposit. Bulk deposit includes deposit of ₹ 20 mn and above.*
10. *LCR is the ratio of unencumbered High Quality Liquid Assets(HQLA) to Estimated Net Cash Outflows over the next 30 calendar days. The data is based on quarterly average.*

Source of Funding

Our Bank's funding operations are designed to ensure stability, low cost of funding and effective liquidity management. Our Bank's primary source of funds is retail deposits. Below table sets forth the information of our Bank's various sources of funding:

	As at June 30, 2021		As at June 30, 2020		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Amount (₹ in million)	% of total liabilities	Amount (₹ in million)	% of total liabilities	Amount (₹ in million)	% of total liabilities	Amount (₹ in million)	% of total liabilities	Amount (₹ in million)	% of total liabilities
CASA	22,194.46	33.80%	17,439.86	30.98%	20926.34	32.85%	16,146.74	30.29%	14,078.36	32.58%
Time Deposit	32,634.57	49.70%	29,429.36	52.28%	31,284.36	49.10%	28,319.49	53.13%	22,594.22	52.29%
Total deposits	54,829.03	83.51%	46,869.22	83.27%	52,210.70	81.95%	44,466.23	83.43%	36,672.58	84.87%
Total borrowings	5424.4	8.26%	4731.2	8.41%	6167.2	9.68%	4209.2	7.90%	3583.8	8.29%
Shareholders' funds	4,642.03	7.07%	4,140.15	7.36%	4,507.90	7.08%	4,067.80	7.63%	2,503.22	5.79%
Other liabilities and provisions	763.03	1.16%	547.10	0.97%	826.58	1.30%	555.54	1.04%	452.44	1.05%
Total liabilities	65,658.49	100.00%	56,287.67	100.00%	63,712.38	100.00%	53,298.77	100.00%	43,212.04	100.00%

Deposits

The following tables set forth, for the periods indicated, our Bank's deposits and the percentage composition by each category of deposits.

	As at June 30, 2021		As at June 30, 2020		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Amount (₹ in million)	**% of total deposits**	**Amount (₹ in million)**	**% of total deposits**	**Amount (₹ in million)**	**% of total deposits**	**Amount (₹ in million)**	**% of total deposits**	**Amount (₹ in million)**	**% of total deposits**
Demand Deposits	2,036.15	3.71%	1,858.17	3.96%	2,072.66	3.96%	1,333.17	3.00%	1,438.26	3.92%
Saving Deposits	20,158.31	36.77%	15,581.69	33.25%	18,853.68	36.11%	14,813.57	33.31%	12,640.10	34.47%
Term Deposits	32,634.57	59.52%	29,429.36	62.79%	31,284.36	59.93%	28,319.49	63.69%	22,594.22	61.61%
Total Deposits	54,829.03	100.00%	46,869.22	100.00%	52,210.70	100.00%	44,466.23	100.00%	36,672.58	100.00%

Retail, Bulk, Institutional and NRI Deposits

The details of Retail Deposits and Bulk Deposits are as set forth below:

	As at June 30, 2021		As at June 30, 2020		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Amount (₹ in million)	**% of total deposits**	**Amount (₹ in million)**	**% of total deposits**	**Amount (₹ in million)**	**% of total deposits**	**Amount (₹ in million)**	**% of total deposits**	**Amount (₹ in million)**	**% of total deposits**
CASA [A=B+C]	22,194.46	40.48%	17,439.86	37.21%	20,926.34	40.07%	16,146.74	36.31%	14,078.36	38.39%
CASA from domestic clients [B]	20,703.75	37.76%	16,134.65	34.42%	19,514.42	37.38%	14,853.01	33.40%	12,921.09	35.23%
CASA from NRI clients[C]	1,490.71	2.72%	1,305.21	2.78%	1,411.92	2.70%	1,293.73	2.91%	1,157.27	3.16%
Term deposits[D=E+F+G+H]	32,634.57	59.52%	29,429.36	62.79%	31,284.36	59.93%	28,319.49	63.69%	22,594.22	61.61%
Retail Term Deposits[E]	27,253.24	49.71%	23,223.39	49.55%	26,375.19	50.52%	21,786.72	49.00%	17,578.08	47.93%
Bulk Term Deposits[F]	882.46	1.61%	1,081.05	2.31%	689.34	1.32%	1,391.64	3.13%	1,462.16	3.99%
Interbank Term Deposits[G]	840.57	1.53%	1,616.54	3.45%	565.45	1.08%	1,722.67	3.87%	618.44	1.69%
NRI Term deposits[H]	3,658.30	6.67%	3,508.38	7.49%	3,654.38	7.00%	3,418.46	7.69%	2,935.55	8.00%
Total Deposits[I=A+D]	54,829.03	100%	46,869.22	100%	52,210.70	100%	44,466.23	100%	36,672.58	100%

Notes:

1. *Bulk Term deposits include term deposits account having balance of ₹20 million and above as at the date.*
2. *Interbank Term deposits include term deposits from other banks.*
3. *NRI deposits includes deposits from non-resident clients.*

Deposits Based on Category of Branches

The following table sets forth, as at the dates indicated, deposits and the percentage composition by location of Branches

	As at June 30, 2021		As at June 30, 2020		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Amount (₹ in million)	**% of total deposits**	**Amount (₹ in million)**	**% of total deposits**	**Amount (₹ in million)**	**% of total deposits**	**Amount (₹ in million)**	**% of total deposits**	**Amount (₹ in million)**	**% of total deposits**
Metropolitan	2,560.14	4.67%	2,401.28	5.12%	2,680.66	5.13%	2,556.45	5.75%	2,035.42	5.55%
Urban	9,071.24	16.54%	8,495.30	18.13%	8,535.78	16.35%	8,188.67	18.42%	6,533.15	17.81%
Semi Urban	22,347.55	40.76%	18,987.61	40.51%	21,382.45	40.95%	17,928.36	40.32%	15,032.66	40.99%
Rural	20,850.09	38.03%	16,985.04	36.24%	19,611.82	37.56%	15,792.75	35.52%	13,071.35	35.64%
Total	54,829.03	100.00%	46,869.22	100.00%	52,210.70	100.00%	44,466.23	100.00%	36,672.58	100.00%

Ticket size wise breakup

Following table sets forth the average ticket size of deposits:

(Amount in ₹)

	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Demand Deposits	113,840	121,053	117,831	89,486	120,205
Saving Deposits	38,410	33,584	37,079	32,499	32,064
Time Deposits	340,085	338,300	334,882	338,014	303,054
Total Deposits	85,850	82,765	84,283	80,192	76,285

Note:

1. For calculating ticket size deposit outstanding as at end of period is divided by number of accounts in that category.

Average Deposits, Interest Expended and Cost of Deposit

The table below presents our Bank's average balances for deposits together with the related interest expended by category of deposits, resulting in the presentation of the cost for each period. Average balance is calculated as the average of daily balances.

(₹ in million, except percentages)

	For the														
	Quarter ended June 30, 2021			Quarter ended June 30, 2020			Year ended March 31, 2021			Year ended March 31, 2020			Year ended March 31, 2019		
	Average Balance [A]	Interest Expended [B]	Cost (%) [C=B/A]	Average Balance [A]	Interest Expended [B]	Cost (%) [C=B/A]	Average Balance [A]	Interest Expended [B]	Cost (%) [C=B/A]	Average Balance [A]	Interest Expended [B]	Cost (%) [C=B/A]	Average Balance [A]	Interest Expended [B]	Cost (%) [C=B/A]
Demand Deposits [A]	2,114.68	-	-	2,019.05	-	-	2,163.93	-	-	1,886.97	-	-	1,487.53	-	-
Savings Bank Deposits [B]	19,838.33	181.72	3.66%	15,058.46	151.12	4.01%	16,848.57	660.58	3.92%	13,743.12	554.53	4.03%	11,462.68	466.23	4.07%
CASA [C=A+B]	21,953.01	181.72	3.31%	17,077.51	151.12	3.54%	19,012.50	660.58	3.47%	15,630.09	554.53	3.55%	12,950.21	466.23	3.60%
Term Deposits [D]	31,844.89	513.62	6.45%	28,587.49	530.47	7.42%	30,002.80	2,122.56	7.07%	25,966.91	1,983.86	7.64%	19,722.99	1,446.04	7.33%
Total E= C + D	53,797.90	695.34	5.17%	45,665.00	681.59	5.97%	49,015.30	2,783.14	5.68%	41,597.00	2,538.39	6.10%	32,673.20	1,912.27	5.85%

Deposit Turnover Ratio

Below table sets forth rollover ratios of bank.

	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Quarter ended March 31, 2021	Quarter ended March 31, 2020	Quarter ended March 31, 2019
Roll Over ratio	91.82%	90.54%	91.01%	90.73%	90.31%

Notes:

1. *Rollover' refers to the reinvestment of maturity proceeds in a new term deposit. The rollover ratio is calculated by dividing the renewed term deposits during the period by total term deposits matured during the period.*

Total Borrowings

The following table sets forth, for the periods indicated, information related to Bank's borrowings, which are comprised primarily of refinance and Tier II bonds.

(₹ in million, except percentages)

	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Period-end balance of Tier II bonds[A]	2147.40	1607.20	1921.20	1607.20	1776.80
Period-end balance of others borrowings[B]	3277.00	3124.00	4246.00	2602.00	1807.00
Period-end balance of total borrowings[C=A+B]	5424.40	4,731.20	6,167.20	4,209.20	3,583.80
Average balance of Tier II bonds[D]	1906.83	1607.25	1722.49	1718.42	1362.94
Average balance of others borrowings [E]	3451.37	2862.45	2881.01	1988.98	903.46
Average balance of total borrowings[F=D+E]	5358.20	4469.70	4603.50	3707.40	2266.40

	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Interest expended on Tier II bonds[G]	49.18	42.35	180.18	181.14	146.30
Interest expended on others borrowings [H]	49.35	42.81	164.96	135.59	52.94
Interest expended on total borrowings [I=G+H]	98.53	85.16	345.14	316.73	199.24
Average cost of Tier II bonds [K=G/D]	10.32%	10.54%	10.46%	10.54%	10.73%
Average cost of other borrowings[L=H/E]	5.72%	5.98%	5.73%	6.82%	5.86%
Average cost of total borrowings[M=I/F]	7.36%	7.62%	7.50%	8.54%	8.79%

Notes:

1. Average balances have been computed on the basis of daily outstanding balances.
2. Other borrowings include Refinance from SIDBI & NABARD, money market borrowings and borrowings from other banks.

Advances Portfolio

The table sets forth below Bank's gross advances by product groups as at the dates indicated.

Classification of Advances	As at June 30, 2021		As at June 30, 2020		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances
Bills Purchased and Discounted	5.01	0.01%	7.31	0.02%	5.18	0.01%	6.10	0.02%	4.95	0.02%
Cash Credits, Overdrafts and Loans Repayable on Demand	18,775.96	51.01%	16,676.43	52.72%	19,736.11	52.45%	18,815.79	56.58%	15,592.00	59.77%
Term Loans	18,027.51	48.98%	14,948.57	47.26%	17,888.58	47.54%	14433.77	43.40%	10,490.86	40.21%
Total Advances	36,808.49	100%	31,632.31	100%	37,629.87	100%	33,255.66	100%	26,087.81	100%

The table below sets forth the Bank's advances by segment as at dates indicated:

	As at June 30, 2021		As at June 30, 2020		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances
Agriculture	13,576.07	36.88%	11,463.32	36.24%	14,232.11	37.82%	12,744.44	38.32%	9,856.36	37.78%
MSME & Trading	9,597.98	26.08%	8,660.79	27.38%	9,730.45	25.86%	8,895.12	26.75%	7,784.29	29.84%
Mortgage	8,339.01	22.66%	6,342.68	20.05%	8,096.45	21.52%	6,396.88	19.24%	4,104.42	15.73%
Others	5,295.43	14.38%	5,165.52	16.33%	5,570.86	14.81%	5,219.22	15.69	4,342.74	16.65%
Out of others - Large corporates	1,948.01	5.29%	1,956.34	6.18%	2,066.41	5.49%	1,774.25	5.34%	1,271.28	4.87%
Out of others - Consumption	1,888.47	5.13%	1,675.65	5.30%	1,878.2	4.99%	1,747.42	5.25%	1,402.72	5.38%
Total Advances	36,808.49	100%	31,632.31	100%	37,629.87	100%	33,255.66	100%	26,087.81	100%

The table below sets forth the Bank's advances by secured and unsecured as at dates indicated:

	As at June 30, 2021		As at June 30, 2020		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances
Secured	36,602.49	99.44%	31,349.41	99.11%	37,399.91	99.39%	32,946.43	99.07%	25,779.97	98.82%
Unsecured	205.99	0.56%	282.90	0.89%	229.96	0.61%	309.23	0.93%	307.84	1.18%
Total Advances	36808.49	100%	31632.31	100%	37629.87	100%	33255.66	100%	26087.81	100%

The table below sets forth the Bank's advances by exposure limits as at given dates:

	As at June 30, 2021		As at June 30, 2020		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances
Upto 25 lacs	23,842.63	64.77%	18,612.95	58.84%	23,661.34	62.88%	19,774.69	59.46%	14,113.20	54.10%
25-50 lacs	4,606.18	12.51%	4,135.75	13.07%	5,244.16	13.94%	4,678.42	14.07%	3,882.13	14.88%
Above 50 lacs	8,359.67	22.71%	8,883.61	28.08%	8,724.37	23.18%	8,802.55	26.47%	8,092.46	31.02%
Total Advances	36,808.49	100%	31,632.31	100%	37,629.87	100%	33,255.66	100%	26,087.81	100%

Disbursement of Advances

(₹ in million)

	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Upto 25 lacs	1,811.94	352.84	9,464.26	9,721.14	7426.38
More than 25 lacs	632.44	885.16	3,986.51	3,695.35	4507.82
Total	2,444.38	1,238.00	13,450.77	13,416.49	11,934.20

The table below sets forth the Bank's advances by category of branches:

	As at June 30, 2021		As at June 30, 2020		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances	Amount (₹ in million)	% of total advances
Rural	8,568.80	23.28%	6,932.59	21.92%	8,607.95	22.88%	7,502.97	22.56%	5,796.81	22.22%
Semi Urban	13,404.80	36.42%	11,588.82	36.64%	14,055.82	37.35%	12,550.10	37.74%	10,301.87	39.49%
Urban	10,873.67	29.54%	9,256.85	29.26%	10,994.29	29.22%	9,318.67	28.02%	6,621.56	25.38%
Metropolitan	3,961.21	10.76%	3,854.05	12.18%	3,971.81	10.55%	3,883.91	11.68%	3,367.57	12.91%
Total Advances	36,808.49	100%	31,632.31	100%	37,629.87	100%	33,255.66	100%	26,087.81	100%

The table below sets forth the Bank's average ticket size of advances as at end of periods indicated:

(₹ in million)

	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Agriculture	1.21	1.25	1.22	1.25	1.25
MSME & Trading	2.04	2.04	2.02	1.96	2.11
Mortgage	1.11	1.17	1.1	1.17	1.23
Large Corporate	55.59	53.28	55.74	53.85	45.12
Retail	0.48	0.42	0.46	0.43	0.39
Overall	1.27	1.25	1.26	1.20	1.19

Note:

1. Ticket size is calculated by dividing sanctioned amount of outstanding advances with number of clients in the sector.

The below table sets for the weighted average interest rate among the different sectors on outstanding at end of the periods indicated:

	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Agriculture	12.33%	12.55%	12.36%	12.56%	12.55%
MSME & Trading	10.52%	10.85%	10.58%	10.89%	10.84%
Mortgage	11.33%	11.61%	11.40%	11.64%	11.52%
Overall yield	11.38%	11.69%	11.44%	11.74%	11.66%

Priority Sector Lending

Being a Small finance bank, Bank is required to lend through advances 75.00% of their adjusted net bank credit ("ANBC") or credit equivalent amount of off-balance sheet exposures, whichever is higher, to specified sectors known as "priority sectors", subject to certain exemptions permitted by RBI from time to time. Priority sector advances include advances to agriculture sector, micro and small enterprises, weaker sections, housing and education finance up to certain ceilings. Bank is required to comply with the priority sector lending requirements on a quarterly basis.

The tables below set out Bank's outstanding Priority Sector advances (as defined by the Government and the RBI) by sector and as a percentage of ANBC as at the dates indicated.

	As at June 30, 2021		As at June 30, 2020		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Advances (₹ in million)	% of ANBC	Advances (₹ in million)	% of ANBC	Advances (₹ in million)	% of ANBC	Advances (₹ in million)	% of ANBC	Advances (₹ in million)	% of ANBC
Agriculture & allied activities	13,576.07	47.42%	11,463.32	48.13%	14,232.11	49.49%	12,744.44	55.68%	9,856.36	53.19%
Industry and services (Micro & small, Medium and large)	9,166.07	32.01%	8,255.46	34.66%	9,185.74	31.95%	8,367.41	36.56%	7,260.39	39.18%
Others	2,516.23	8.79%	1,868.81	7.85%	2,374.62	8.26%	1,907.65	8.33%	1,097.28	5.92%
Total Gross PSL	25,258.37	88.22%	21,587.59	90.64%	25,792.47	89.70%	23,019.51	100.58%	18,214.03	98.30%

The tables below set out Bank's net PSL position on quarterly average basis:

(₹ in million, except percentages)

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
ANBC	28,632.31	23,817.84	26,006.10	20,752.73	15,995.59
Gross Priority Sector Lending (PSL)	2,5258.37	2,1587.59	23,855.10	20,729.63	15,861.55
PSLC Purchased/sold (Net)	2,500.00	3,000.00	3,500.00	4,000.00	1,925.00
Net PSL	22,758.37	18,587.59	20,355.10	16,729.63	13,936.55
Net PSL achievement	79.48%	78.04%	78.27%	80.61%	87.13%

Changes Implemented Pursuant to the RBI's COVID-19 Relief Package

The outbreak of COVID-19 has adversely affected the economy of the world. During the year 2021-22, second wave of the virus has hit the country. The extent to which the COVID-19 pandemic will continue to adversely affect the operations and performance of the Bank will depend on the future developments, which are uncertain.

In view of the pandemic, the RBI has announced the 'COVID-19 Regulatory Package' on asset classification and provisioning on March 27, 2020, April 17, 2020 and May 23, 2020. The regulatory package permitted to allow a moratorium of three months on payment of all instalments/interest as applicable, falling due between March 1, 2020 and May 31, 2020; and subsequently a further period of three months was allowed from June 01, 2020 to August 31, 2020 (the "moratorium period"). As such, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the Moratorium Period, wherever granted, was excluded from the number of days past-due for the purpose of asset classification under the IRAC norms.

As per the RBI guidelines, the Bank has held provisions of Rs.77.00 million and Rs.132.00 million as at March 31, 2020 and June 30, 2020, respectively, against the accounts where asset classification benefit was extended.

Further, in respect of the revolving limits, the accumulated interest during the deferment period i.e. up to August 31, 2020 was allowed to be converted into Funded Interest Term Loan (FITL), which was repayable by March 31, 2021.

The Honourable Supreme Court in Gajendra Sharma v. Union of India & Anr vide its Interim order da ted September 3, 2020 directed banks that the accounts that were not declared NPAs till August 31, 2020 shall not be declared NPAs till further ord ers. On March 23, 2021, in Small Scale Industrial Manufactures Association v. Union of India and others, the Supreme Court vacated the interim order granted on September 3, 2020 to not declare the accounts of borrowers as NPAs. Accordingly, the Bank has classified NPAs with retrospective effect from the end of moratorium period i.e. the during the period of interim order issued by the Supreme Court.

In terms of the instructions issued by the Ministry of Finance, dated October 23, 2020, regarding scheme for grant of ex -gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (01.03.2020 to 31.08.2020); and the RBI circular no RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 regarding refund of the 'interest on interest' charged to the borrowers during the moratorium period, th e Bank has issued the refund to the respective borrowers in line with the guidelines received.

Considering the adverse impact of the pandemic on the ability to recover from the delinquent accounts, the Bank has created enhanced provision @10% on the existing NPA accounts as on March 31, 2021 (except the accounts where 100% provision is available) amounting to Rs.69.40 million.

Recognition of NPAs and Provisioning

RBI classification and provisioning requirements

The Bank is classifying the advances in accordance with the RBI guidelines. The Credit policy of the Bank contains detailed guidelines in this regard. As per the stated guidelines, an asset is classified as non-performing if

- interest and/or instalment of principal remains overdue for more than 90 days in respect of term loans.
- the account remains out of order in respect of Overdraft/Cash Credit (CC/OD), and in respect of bills purchased and discounted, if
- the bill remains overdue for a period of more than 90 days in the case of bills purchased an d discounted,
- the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
- the instalment of principal or interest thereon remains overdue for one crop season for long duration crops

The advances are further categorised into Standard, Sub-standard, Doubtful and Loss Assets category as detailed below:

1	Standard asset	Standard Assets refer to performing assets which continue to generate income for the bank and do not carry more than the normal risk attached to the business.
2	Sub-standard asset	A Sub-standard Asset is one which has remained NPA for a period less than or equal to 12 months.
3	Doubtful asset	An asset is classified as doubtful if it had remained in the sub-standard category for 12 months. Doubtful assets are sub-classified into the following three categories.
3.1	Doubtful 1	An asset which has remained in Doubtful category for upto 1 year (i.e. NPA for 12-24 months)
3.2	Doubtful 2	An asset which has remained in Doubtful category for 1 to 3 years (i.e. NPA for 24-48 months)
3.3	Doubtful 3	An asset which has remained in Doubtful category for more than 3 years (i.e. NPA for more than 48 months)
4	Loss asset	A loss asset is one where the loss has been identified by the bank or internal or external auditors or the RBI inspection, but the amount has not been written off wholly. In other words, such an asset is considered uncollectible.

Further, the Bank has also automated the Income Recognition, Asset Classification and Provisioning process w.e.f. June 30, 2021. With regard to the NPA accounts, the Income is recognised on cash basis and the provisioning is calculated automatically by the system.

A detailed view of the asset bucketing as per the above categories is presented below:

(₹ in million)

	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Standard Assets	35,896.06	31,047.60	36,847.44	32,670.59	25,748.25
Sub-standard Assets	374.67	253.41	239.66	306.68	170.95
Doubtful Assets	537.76	331.31	542.78	278.39	168.61
Loss Assets	-	-	-	-	-
Total	36,808.49	31,632.31	37,629.87	33,255.66	26,087.81

Provisioning Requirements

In order to provide for the expected losses out of the loan portfolio, the Bank has a detailed Provisioning policy in place which is in compliance with the RBI regulations. A snapshot of the provisioning guidelines are as follows:

<table>
<tr><td>Standard asset</td><td>The provisioning requirements for all types of standard assets stands as below.

(a) Farm Credit to agricultural activities and Small and Micro Enterprises (SMEs) sectors at 0.25 per cent;

(b) advances to Commercial Real Estate (CRE) Sector at 1.00 per cent;

(c) advances to Commercial Real Estate – Residential Housing Sector (CRE - RH) at 0.75 per cent

(d) all other loans and advances not included in (a) (b) and (c) above at 0.40 per cent.

(e) the Medium Enterprises will attract 0.40% standard asset provisioning.</td></tr>
<tr><td>Sub-standard asset</td><td>(i) A general provision of 15 percent on total outstanding should be made without making any allowance for ECGC guarantee cover and securities available.

(ii) The ‘unsecured exposures’ which are identified as ‘substandard’ would attract additional provision of 10 per cent, i.e., a total of 25 per cent on the outstanding balance.

Unsecured exposure is defined as an exposure where the realizable value of the security, as assessed by the bank/approved valuers/Reserve Bank’s inspecting officers, is not more than 10 percent, ab-initio, of the outstanding exposure.</td></tr>
<tr><td>Doubtful asset</td><td>100 percent of the extent to which the advance is not covered by the realizable value of the security to which the bank has a valid recourse and the realizable value is estimated on a realistic basis.

In regard to the secured portion, provision may be made on the following basis, at the rates ranging from 25 percent to 100 percent of the secured portion depending upon the period for which the asset has remained doubtful:

<table><tr><td>Period for which the advance has remained in ‘doubtful’ category</td><td>Provision requirement (%)</td></tr><tr><td>Up to one year</td><td>25</td></tr><tr><td>One to three years</td><td>40</td></tr><tr><td>More than three years</td><td>100</td></tr></table></td></tr>
<tr><td>Loss asset</td><td>Loss assets should be written off. If loss assets are permitted to remain in the books for any reason, 100 percent of the outstanding should be provided for.</td></tr>
<tr><td>Restructured asset</td><td>Provision for restructured accounts, unless restructured under specific schemes, shall be created as per the rates and conditions prescribed by RBI from time to time and the Bank’s policy for Restructuring of Loans.</td></tr>
</table>

The following tables set forth the Bank’s provisions for possible credit losses at the dates indicated

(₹ in million, except percentages)

	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Provision held (including standard assets provision)	600.39	424.74	535.82	358.34	181.65
Provision held as percentage of Gross Advances	1.63%	1.34%	1.42%	1.08%	0.70%

	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Provision held as percentage of Gross NPAs	65.80%	72.64%	68.48%	61.25%	53.50%

The following tables set forth the SMAs and NPAs position:

	June 30, 2021				June 30, 2021			
%age	Term Loans	CC/OD Limits	Agri limits	Total	Term Loans	CC/OD Limits	Agri limits	Total
SMA 1	5.20%	1.98%	0.50%	3.08%	1.15%	0.70%	7.49%	3.23%
SMA 2	2.87%	0.10%	2.00%	2.12%	1.87%	-	4.29%	2.36%
NPA	1.24%	5.98%	2.57%	2.48%	0.49%	5.64%	1.75%	1.85%

	March 31, 2021				March 31, 2020				March 31, 2019			
%age	Term Loans	CC/OD Limits	Agri limits	Total	Term Loans	CC/OD Limits	Agri limits	Total	Term Loans	CC/OD Limits	Agri limits	Total
SMA 1	3.44%	1.46%	0.44%	2.06%	5.02%	2.85%	8.63%	5.89%	8.45%	1.10%	6.70%	6.15
SMA 2	3.08%	1.41%	3.45%	2.92%	4.18%	1.90%	4.54%	3.86%	4.24%	0.11%	2.30%	2.61
NPA	0.78%	5.78%	2.08%	2.08%	0.51%	4.92%	1.57%	1.76%	0.71%	1.71%	1.73%	1.3

Non-Performing Assets

The following table sets forth information about Bank's NPA portfolio as at end of periods mentioned:

(₹ in million, except percentages)

	For the														
	Quarter ended June 30, 2021			Quarter ended June 30, 2020			Year ended March 31, 2021			Year ended March 31, 2020			Year ended March 31, 2019		
	Gross NPA	Provision	% of NPA	Gross NPA	Provision	% of NPA	Gross NPA	Provision	% of NPA	Gross NPA	Provision	% of NPA	Gross NPA	Provision	% of NPA
Agriculture	342.94	135.99	2.53%	204.29	60.61	1.78%	294.95	123.38	2.07%	204.51	58.78	1.60%	176.12	20.33	1.79%
MSME & Trading	380.04	180.31	3.96%	304.60	89.28	3.52%	374.56	182.76	3.85%	304.36	83.57	3.42%	90.03	21.7	1.16%
Mortgage	72.01	28.47	0.86%	28.60	10.73	0.45%	62.92	24.53	0.78%	28.64	9.21	0.45%	34.37	4.88	0.84%
Others	117.44	41.76	2.22%	47.23	23.35	0.91%	50.00	30.34	0.90%	47.56	21.01	0.91%	38.04	50.44	0.70%
Total NPA	912.43	386.54	2.48%	584.72	183.97	1.85%	782.43	361.01	2.08%	585.07	172.57	1.76%	339.56	97.35	1.30%

The following table sets forth information movement of NPAs during the given periods:

(₹ in million, except percentages)

	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance of Gross NPAs at the beginning of the period	782.43	585.07	585.07	339.56	211.29
Additions during the period	176.16	-	248.53	421.9	278.45
Less: Reductions during the period on account of recovery	4.69	0.02	16.53	32.06	62.64
Less: Reductions during the period on account of upgradations	41.47	0.33	34.49	144.27	87.41
Less: Reductions during the period on account of write-offs (including technical write-offs)	-	-	0.15	0.06	0.13
Gross NPAs [A]	912.43	584.72	782.43	585.07	339.56
Total provision towards NPAs [B]	386.54	183.97	361.01	172.57	97.35
Net NPAs [C= A- B]	525.89	400.75	421.42	412.50	242.2
Gross Advances [D]	36808.49	31632.31	37629.87	33255.66	26087.81
Net Advances [E = D-B]	36421.95	31448.34	37268.86	33083.08	25990.45
Gross NPAs as a percentage of gross advances [F = A/D] (%)	2.48%	1.85%	2.08%	1.76%	1.30%
Net NPAs as a percentage of net advances [G = C/E] (%)	1.44%	1.27%	1.13%	1.25%	0.93%
Provision for standard assets [H]	213.85	240.77	174.81	185.77	84.30
Total of provision towards NPAs and provision towards standard assets [I = B + H]	600.39	424.74	535.82	358.34	181.65

	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Total of provision towards NPAs and provision towards standard assets held as percentage of gross advances (%) [J=I/D]	1.63%	1.34%	1.42%	1.08%	0.70%
Total provision towards NPAs held as percentage of gross NPAs (%) [K=B/A]*	42.36%	31.46%	46.14%	29.50%	28.67%
Outstanding balance of technical written-off accounts [L]	-	-	-	-	-
Provision coverage ratio [M = (B+L)/(A+L)/(%)	42.36%	31.46%	46.14%	29.50%	28.67%

The following tables set forth the Ageing wise NPA provision:

(₹ in million, except percentages)

NPA Ageing	As at June 30, 2021			As at June 30, 2020		
Particulars	Amount	Provision	PCR	Amount	Provision	PCR
Above 5 years	42.88	42.88	100.00%	11.28	11.28	100.00%
2-5 years	259.2	156.21	60.27%	143.82	81.51	56.67%
1-2 years	235.69	106.82	45.32%	176.2	52	29.51%
upto 1 year	374.67	80.63	21.52%	253.41	39.18	15.46%
Total	912.43	386.54	42.36%	584.72	183.97	31.46%

(₹ in million, except percentages)

NPA Ageing	As at March 31, 2021			As at March 31, 2020			As at March 31, 2019		
Particulars	Amount	Provision	PCR	Amount	Provision	PCR	Amount	Provision	PCR
Above 5 years	37.89	37.89	100.00%	7.75	7.75	100.00%	5.97	5.97	100.00%
2-5 years	219.49	132.55	60.39%	128.26	70.66	55.09%	83.54	37.72	45.15%
1-2 years	285.4	130.23	45.63%	142.38	46.21	32.46%	79.1	24.39	30.84%
upto 1 year	239.66	60.34	25.18%	306.68	47.95	15.63%	170.95	29.27	17.12%
Total	782.43	361.01	46.14%	585.07	172.57	29.50%	339.56	97.35	28.67%

Restructuring of Advances

A restructured account is one where for economic or legal reasons relating to the borrower's financial difficulty, the Bank grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advance/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).

The Bank has implemented the guidelines issued by the RBI vide its circular "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances" and "Resolution Framework for COVID-19-related Stress" dated August 06, 2020; and "Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)" and "Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" dated May 05, 2021 wherein the Banks were permitted to restructure the existing accounts without a downgrade in the asset classification subject to the conditions specified therein.

The details of restructured accounts are as follows:

(₹ in million)

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Restructured Advances Amount outstanding	1161.55	-	847.78	-	-
Restructuring Provision	92.40	-	53.37	-	-

Concentration of Advances and Deposits

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Deposits					

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
10 largest deposit holders	2.51%	5.44%	2.56%	5.88%	5.71%
20 largest deposit holders	3.88%	7.36%	3.70%	7.64%	7.08%
Advances					
10 largest borrowers	3.18%	3.84%	3.17%	4.03%	4.93%
20 largest borrowers	5.49%	6.63%	5.70%	6.81%	8.22%

Note:
1. *Deposit concentration represents aggregate exposure concentration to top depositors including CASA and term deposits.*
2. *Borrower concentration represents the exposure concentration of top borrowers in credit portfolio of the Bank. Exposure includes both fund based and non-fund based exposure, calculated as per Exposure norms prescribed by the Reserve Bank of India.*

Capital Adequacy

Bank is subject to the CAR requirements prescribed by the RBI i.e. to maintain a minimum CAR of 15.00%, based on the total capital to risk-weighted assets. The following table sets forth information relating to the CAR of Bank as of the periods indicated:

(₹ in million, except percentages)

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Tier I Capital	4,462.43	4,007.84	4,335.80	3,955.04	2,452.61
Tier II Capital	1,998.02	1,444.92	1,680.68	1,442.58	1,373.91
Total Capital	6,460.45	5,452.76	6,016.48	5,397.62	3,826.52
Total Risk Weighted Assets	30,595.85	27,423.78	30,380.21	28,241.45	23,330.46
Capital Adequacy Ratio					
Tier I Capital (%)	14.59%	14.61%	14.27%	14.00%	10.51%
Tier II Capital (%)	6.53%	5.27%	5.53%	5.11%	5.89%
Total Capital (%)	21.12%	19.88%	19.80%	19.11%	16.40%

Investment Portfolio

The following table sets forth, as at the dates indicated, information related to our total net investment portfolio.

(₹ in million)

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Government Securities	11,803.72	12,195.00	12,107.36	10,518.75	8,595.80
Certificate of Deposit	-	-	-	-	-
Mutual Funds	-	-	-	-	-
Corporate Bonds		-	-	-	30.00
Equity Shares	15.40		15.16	-	-
Total	11,819.12	12,195.00	12,122.52	10,518.75	8,625.80

(₹ in million)

	As at June 30, 2021	As at June 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Held to Maturity	8,132.45	6,672.73	8,725.32	7,264.70	5,681.20
Available for Sale	3,686.67	5,522.27	3,397.20	3,203.77	2,845.91
Held for Trading	-	-	-	50.28	98.69
Total Portfolio	11,819.12	12,195.00	12,122.52	10,518.75	8,625.80

Interest Sensitivity Analysis

The following table sets forth the interest rate sensitivity analysis of Bank's assets and liabilities as June 30, 2021, which is prepared/compiled based on guidelines provided by the RBI.

(₹ in million)

	As at June 30, 2021					
	Up to Three Months	**Over Three Months to One Year**	**Over One Year to Five Years**	**Over Five Years**	**Non Sensitive**	**Total**
Cash and Balances with RBI	5,270.00	-	-	-	2,921.54	8,191.54
Balances with Other Banks	1,644.26	5,343.55	0.57	-	446.89	7,435.27
Investments	248.36	1,094.24	1,483.90	8,977.22	15.40	11,819.12
Advances	11,395.41	16,856.66	7,389.44	780.43	-	36,421.95
Other Assets	388.01	368.39	15.76	1.33	1,017.12	1,790.61
Total Assets	**18,946.04**	**23,662.84**	**8,889.67**	**9,758.98**	**4,400.96**	**65,658.49**
Capital and Reserves	-	-	-	-	4,642.03	4,642.03
Borrowings	637.00	835.00	2,161.40	1,791.00	-	5,424.40
Deposits	9,165.84	19,495.84	26,036.73	130.62	-	54,829.03
Other Liabilities	14.46	40.74	7.76	0.20	699.87	763.03
Total Liabilities	**9,817.30**	**20,371.58**	**28,205.89**	**1,921.82**	**5,341.90**	**65,658.49**

Asset Liability Gap

The following table sets forth the maturity pattern of certain items of assets and liabilities as at June 30, 2021, which is prepared/compiled based on guidelines provided by the RBI:

(₹ in million, except percentages)

	As on June 30, 2021							
	1-30 Days	**30-90 Days**	**3-6 Months**	**6-12 Months**	**1-3 Years**	**3-5 Years**	**Over 5 Years**	**Total**
Cash and Bank Balance	7,016.42	1,123.42	1,550.41	3,917.55	882.47	7.86	1,128.68	15,626.81
Advances	3,039.05	1,007.19	1,380.90	2,657.79	22,354.80	4,074.44	1,907.78	36,421.95
Investments	2,030.13	198.25	175.58	384.27	3,901.07	35.35	5,094.47	11,819.12
Fixed Assets	-	-	-	-	-	-	851.25	851.25
Other Assets	182.13	132.33	65.33	71.31	325.24	6.95	156.06	939.36
Total Assets	12,267.73	2,461.19	3,172.22	7,030.93	27,463.59	4,124.59	9,138.24	65,658.49
Capital & Reserve	-	-	-	-	-	-	4,642.03	4,642.03
Deposits	1,838.30	1,112.48	990.37	2,118.69	21,646.12	57.17	27,065.91	54,829.03
Borrowings	135.00	502.00	225.00	610.00	2,041.40	120.00	1,791.00	5,424.40
Other Liabilities	190.51	17.56	10.47	71.71	354.06	24.32	94.40	763.03
Total Liabilities	2,163.81	1,632.03	1,225.84	2,800.40	24,041.58	201.49	33,593.34	65,658.49
Liquidity Gap	10,103.92	829.16	1,946.38	4,230.53	3,422.01	3,923.10	-24,455.10	-
Cumulative Liquidity Gap	10,103.92	10,933.08	12,879.46	17,109.99	20,532.00	24,455.10	-	-
Cumulative Liabilities	2,163.81	3,795.84	5,021.68	7,822.08	31,863.66	32,065.15	65,658.49	-
Cumulative Liquidity Gap as a percentage of Cumulative Liabilities (%)	466.95%	288.03%	256.48%	218.74%	64.44%	76.27%	-	-

Productivity Ratios

The following table sets forth certain information relating to Bank's productivity ratios:

(₹ in million, except count)

	For the Quarter ended June 30, 2021	**For the Quarter ended June 30, 2020**	**For the Year ended March 31, 2021**	**For the Year ended March 31, 2020**	**For the Year ended March 31, 2019**
Number of branches	159	150	158	150	129
ATMs	161	151	160	151	130
Total number of employees	1,641.00	1,624.00	1,614.00	1,649.00	1,433.00
Digital transactions Share	67.95%	50.20%	54.48%	46.10%	39.68%
Advances per employee	22.55	20.36	23.06	21.58	20.73

	For the Quarter ended June 30, 2021	For the Quarter ended June 30, 2020	For the Year ended March 31, 2021	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Advances per Branch	238.24	223.55	244.35	238.39	226.85
Total disbursements	2,444.38	1,238.00	13,450.77	13,416.49	11,934.20
Disbursements per Branch	15.82	17.27	87.34	96.18	103.78
Disbursements per employee	1.50	0.80	8.24	8.71	9.48
Deposits per employee	33.59	30.16	32.00	28.86	29.14
Deposits per Branch	354.88	331.23	339.03	318.75	318.89

Note:

1. *The above numbers have been computed on average number of employees/branches*
2. *The digital transaction share has been computed as a percentage of digital transactions over total non-cash transactions during the relevant period.*

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

The remainder of this page is intentionally left blank

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

The Board of Directors

Capital Small Finance Bank Limited

Midas Corporate Park, 3rd Floor,
37, G.T. Road,
Jalandhar, Punjab- 144 001

Dear Sirs /Madams,

1. We have examined the attached Restated Financial Information of Capital Small Finance Bank (the "Bank") comprising the Restated Statement of Assets and Liabilities as at June 30, 2021, June 30, 2020, March 31, 2021, 2020 and 2019, the Restated Statement of Profit & Loss, the Restated Cash Flow Statement for the three months periods ended June 30, 2021 and June 30, 2020 and for each of the years ended March 31, 2021, 2020 and 2019, the summary statement of significant accounting policies and other explanatory information (collectively, the "Restated Financial Information") as approved by the board of directors of the Bank ("Board of Directors") at their meeting held on September 23, 2021 for the purpose of inclusion in the draft red herring prospectus ("DRHP")/ red herring prospectus ("RHP") and prospectus (collectively referred as the "Offer Documents") prepared and to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Punjab and Chandigarh situated at Chandigarh ("RoC") by the Bank in connection with its proposed initial public offer of equity shares of face value of Rs.10 each ("IPO") prepared in terms of requirements of:

   a. Section 26 of Part I of Chapter III of The Companies Act, 2013 (the "Act");

   b. Relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

   c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ('ICAI'), as amended from time to time (the 'Guidance Note')

2. The Bank's Board of Directors is responsible for the preparation of the Restated Financial Information to be included in the Offer Documents in connection with the proposed IPO of the Bank. The Restated Financial Information have been prepared by the management of the Bank on the basis of preparation stated in note 5.2 of annexure 5 to this Restated Financial Information. The Board of Directors responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the bank complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Financial Information taking into consideration:

   a) The terms of reference and our engagement agreed with you vide our engagement letter dated August 23, 2021, in connection with the proposed IPO of the Bank;

   b) The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

   c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and

   d) The requirements of Section 26 of the Act and applicable provisions of the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act; the ICDR Regulations and the Guidance Note in connection with the Proposed IPO.

4. The Restated Financial Information have been compiled by the management from:

   Audited interim financial statements of the Bank as at and for the three month ended June 30, 2021 and June 30, 2020 and audited financial statements of the Bank as at and for each of the years ended March 31, 2021, 2020 and 2019 prepared in accordance with the Accounting Standard (AS) specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Banking Regulation Act, 1949, the directions, circulars and guidelines issued by RBI from time to time, which have been approved by the Board of Directors at their meeting held on September 23, 2021, September 23, 2021, May 11, 2021, May 16, 2020 and May 17, 2019 respectively.

5. For the purpose of our examination, we have relied on

   a) Auditor's reports issued by us dated September 23, 2021 on the audited interim financial statements of the Bank as at and for the three months period ended June 30, 2021 and June 30, 2020, respectively, as referred in Paragraph 4 above.

b) Auditor's reports issued by Previous Auditor MSKC & Associates, dated May 11, 2021 and May 16, 2020 on the audited financial statements of the Bank as at for the years ended March 31, 2021 and 2020 respectively, as referred in Paragraph 4 above.

c) Auditor's reports issued by Previous Auditor MSKA & Associates, dated May 17, 2019 on the audited financial statements of the Bank as at for the years ended March 31, 2019, as referred in Paragraph 4 above.

The audited financial statements for the years ended March 31, 2021, 2020 and 2019 and the independent auditors' reports thereon issued by the Previous Auditors have been furnished to us by the Bank. We have examined and reported on the restated financial information for the years ended March 31, 2021, 2020 and 2019. The adjustments in so far as it relates to the amounts, disclosures, material errors, regrouping, reclassification, etc., included in respect of the years ended March 31, 2021, 2020 and 2019 is restricted to and based solely on the audited financial statements and auditor's reports issued by the Previous Auditor for such years. We have not performed any additional procedures other than those stated herein and do not accept any responsibility of whatsoever nature in this regard.

6. Based on the above and according to the information and explanations given to us, we report that the Restated Financial Information:

a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2021, March 31 2020, March 31 2019 and three month ended June 30, 2020 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the three months period ended June 30, 2021.

b) There are no qualifications in the auditors' reports on the audited financial statements of the Bank as at and for the three months period ended June 30, 2021 and June 30, 2020 and as at and for years ended March 31, 2021, 2020 and 2019; and

Emphasis of matter paragraphs included in the auditors' report on the financial statements as at and for the three month periods ended June 30, 2021 and June 30 2020 and for the year ended March 31, 2021 and March 31,2020 which does not require any corrective adjustment in the Restated Financial Information, are as follows:

Emphasis of Matter – June 30, 2021 and 2020

We draw attention to Note 3.4 of the of Schedule 18 to the financial statements, which describes the extent to which the COVID-19 pandemic will continue to impact the Bank's financial statements will depend on future developments, which are uncertain. Our opinion is not modified in respect of this matter.

Note 22.3.4.1 of restated financial statements represents the note 3.4 of the of Schedule 18 of the audited financial statements for the quarters ended June 2021 and June 2020.

Emphasis of Matter – March 31, 2021

We draw attention to Note 3.3 of the of Schedule 18 to the financial statements, which describes the extent to which the COVID-19 pandemic will continue to impact the Bank's financial statements will depend on future developments, which are uncertain. Our opinion is not modified in respect of this matter.

Note 22.3.4.2 of restated financial statements represents the note 3.3 of the of Schedule 18 of the audited financial statements for the year ended 2020-21.

Emphasis of Matter – March 31, 2020

We draw attention to Schedule 18(3.1) to the financial statements, which describes that the extent to which the COVID-19 Pandemic will impact the Bank's financial statements will depend on future developments, which are highly uncertain. Considering the circumstances as described in Schedule 18(3.1) to the financial statements, the Bank has made a provision of Rs. 7.7 Crores for the year ended March 31, 2020. Our opinion is not modified in respect of this matter.

Note 22.3.4.3 of restated financial statements represents the note 3.1 of the of Schedule 18 of the audited financial statements for the year ended 2019-20.

c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

8. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the report on the audited financial statements mentioned in paragraph 4 above.

9. In our opinion, the Restated Financial Information, read with Summary of Significant Accounting Policies disclosed in annexure 5, accompanying this report, are prepared after making adjustments and regroupings as considered appropriate and disclosed in annexure 4 have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or Previous Auditors (MSKC & Associates or MSKA & Associates), nor should this report be construed as a new opinion on any of the financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. Our report is intended solely for use of the Board of Directors for inclusion in the offer documents to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited and the RoC Chandigarh in connection with proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Registration No.: 006711N/ N500028

Hitesh Garg
Partner
Membership No.: 502955
UDIN:21502955AAAAEH5373
Place: New Delhi
Date: 23-09-2021

Annexure 1- Restated Statement of Assets and Liabilities
(All amounts in ₹ million except otherwise stated)

PARTICULARS	Annexure	As on June 30, 2021	As on June 30, 2020	As on March 31, 2021	As on March 31, 2020	As on March 31, 2019
CAPITAL & LIABILITIES						
Capital	6	340.03	338.07	339.10	338.07	284.81
Reserve and Surplus	7	4,302.00	3,802.08	4,168.80	3,729.73	2,218.41
Deposits	8	54,829.03	46,869.22	52,210.70	44,466.23	36,672.58
Borrowings	9	5,424.40	4,731.20	6,167.20	4,209.20	3,583.80
Other Liabilities and provisions	10	763.03	547.10	826.58	555.54	452.44
Total		**65,658.49**	**56,287.67**	**63,712.38**	**53,298.77**	**43,212.04**
ASSETS						
Cash and Balances with Reserve Bank of India	11	8,191.54	2,229.57	7,217.24	2,212.33	2,148.64
Balances With banks and Money at call and Short Notice	12	7,435.27	8,621.00	5,686.99	5,945.16	4,967.64
Investments	13	11,819.12	12,195.00	12,122.52	10,518.75	8,625.80
Advances	14	36,421.95	31,448.34	37,268.86	33,083.08	25,990.45
Fixed assets	15	851.25	887.34	865.54	906.24	835.19
Other Assets	16	939.36	906.42	551.23	633.21	644.32
Total		**65,658.49**	**56,287.67**	**63,712.38**	**53,298.77**	**43,212.04**
Contingent Liabilities	17	358.85	325.01	383.51	370.71	420.93
Bills for Collection		-	-	-	-	-
Significant Accounting Policies	5					
Notes forming part of the Restated Financial Statements	22					

The annexures referred to above form an integral part of the restated statement of assets and liabilities. The Restated Statement of Assets and Liabilities has been prepared in conformity with Form A to the Third Schedule of the Banking Regulation Act, 1949.

As per our report of even date

For T R Chadha & Co. LLP
Chartered Accountants
FRN: 006711N/N500028

Hitesh Garg
Partner
Membership No.: 502955

Date : September 23, 2021
Place : New Delhi

For and on behalf of The Board of
Capital Small Finance Bank Limited

Sarvjit Singh Samra
Managing Director & Chief Executive Officer
DIN: 00477444

Rakesh Soni
Director
DIN: 07262045

Gurpreet Singh Chug
Director
DIN: 01003380

Munish Jain
Chief Financial Officer & Chief Operating Officer

Amit Sharma
Company Secretary
Mem. No. FCS10888

Date : September 23, 2021
Place : Jalandhar

Annexure 2- Restated Statement of Profit and Loss
(All amounts in ₹ million except otherwise stated)

PARTICULARS	Annexure	Quarter ended June 30, 2021 (3 months)	Quarter ended June 30, 2020 (3 months)	Year ended March 31, 2021 (12 months)	Year ended March 31, 2020 (12 months)	Year ended March 31, 2019 (12 months)
INCOME						
Interest Earned	18	1,364.36	1,242.00	5,114.39	4,581.35	3,462.91
Other Income	19	109.59	83.15	458.58	429.55	313.07
Total		**1,473.95**	**1,325.15**	**5,572.97**	**5,010.90**	**3,775.98**
EXPENDITURE						
Interest Expended	20	793.87	766.75	3,128.28	2,855.12	2,111.51
Operating Expenses	21	454.24	402.58	1,729.59	1,633.33	1,321.70
Provisions and Contingencies (Refer note 22.10 of Annexure 22)		104.01	87.82	307.26	268.63	148.63
Total		**1,352.12**	**1,257.15**	**5,165.13**	**4,757.08**	**3,581.84**
PROFIT						
Net profit for the period		121.83	68.00	407.84	253.82	194.14
Profit brought forward		1,262.88	987.72	987.72	837.67	731.56
Total		**1,384.71**	**1,055.72**	**1,395.56**	**1,091.49**	**925.70**
APPROPRIATIONS						
Transfer to Statutory Reserves		-	-	101.96	63.45	48.54
Transfer to Special Reserve		-	-	6.92	1.12	0.70
Transfer to/ (from) Investment Reserve Account		-	-	(0.14)	-	(0.04)
Transfer to Investment Fluctuation Reserve		-	-	23.94	31.94	12.07
Dividend		-	-	-	6.02	22.20
Tax on Dividend		-	-	-	1.24	4.56
Balance carried over to Balance sheet		1,384.71	1,055.72	1,262.88	987.72	837.67
Total		**1,384.71**	**1,055.72**	**1,395.56**	**1,091.49**	**925.70**
EARNING PER SHARE						
Basic (₹)		3.59*	2.01*	12.04	8.18	6.82
Diluted (₹)		3.57*	2.01*	11.98	8.16	6.82
(Face value) (₹)		10.00	10.00	10.00	10.00	10.00

**Not-annualized*

Significant Accounting Policies	5
Notes forming part of the Restated Financial Statements	22

The annexures referred to above form an integral part of the restated statement of profit and loss. The Restated Statement of Profit and Loss has been prepared in conformity with Form A to the Third Schedule of the Banking Regulation Act, 1949.

As per our report of even date

For T R Chadha & Co. LLP
Chartered Accountants
FRN: 006711N/N500028

Hitesh Garg
Partner
Membership No.: 502955

Date : September 23, 2021
Place : New Delhi

For and on behalf of The Board of
Capital Small Finance Bank Limited

Sarvjit Singh Samra **Managing Director & Chief Executive Officer** **DIN: 00477444**	**Rakesh Soni** **Director** **DIN: 07262045**	**Gurpreet Singh Chug** **Director** **DIN: 01003380**
Munish Jain **Chief Financial Officer & Chief Operating Officer**	**Amit Sharma** **Company Secretary** **Mem. No. FCS10888**	

Date : September 23, 2021
Place : Jalandhar

Annexure 3- Restated Statement of Cash Flows
(All amounts in ₹ million except otherwise stated)

PARTICULARS	Quarter ended June 30, 2021 (3 months)	Quarter ended June 30, 2020 (3 months)	Year ended March 31, 2021 (12 months)	Year ended March 31, 2020 (12 months)	Year ended March 31, 2019 (12 months)
CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before Taxes	161.52	89.42	537.37	345.82	269.24
Adjustments For-					
Depreciation Charge on Fixed Assets	41.42	39.69	164.92	153.37	117.66
Loan Loss Provision	64.56	66.40	177.49	176.69	66.14
(Profit)\Loss on Sale of Fixed Assets	0.02	(0.14)	(0.01)	0.18	2.05
Employee Stock Option Expense	3.25	4.35	22.12	16.12	-
Depreciation on Investments	(0.24)	-	0.24	(0.06)	7.39
	270.53	199.72	902.13	692.12	462.48
Adjustments For-					
(Increase) in Term Deposits with other Banks	(1,495.42)	(1,402.91)	(1,159.63)	(144.89)	(966.44)
Decrease/ (Increase) In Investments	303.64	(1,676.26)	(1,604.02)	(1,907.45)	354.09
Decrease/ (Increase) In Advances	821.39	1,623.35	(4,374.22)	(7,167.85)	(7,557.92)
Increase In Deposits	2,618.33	2,402.99	7,744.47	7,793.65	8,167.38
Decrease/ (Increase) In Other Assets	(389.08)	(272.81)	81.03	46.49	(238.06)
(Decrease)/ Increase In Other Liabilities & Provision	(112.01)	(63.49)	282.00	1.62	(28.59)
	2,017.38	810.59	1,871.76	(686.31)	192.94
Direct Taxes Paid (net of refunds)	(29.31)	(21.76)	(128.58)	(112.81)	(110.23)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES	**1,988.07**	**788.83**	**1,743.18**	**(799.12)**	**82.71**
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets	(27.26)	(24.93)	(129.26)	(225.63)	(310.40)
Proceeds from Sale of Fixed Assets	0.11	4.27	5.05	1.04	1.21
NET CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES	**(27.15)**	**(20.66)**	**(124.21)**	**(224.59)**	**(309.17)**
CASH FLOW FROM FINANCING ACTIVITIES					
Net Proceeds from equity shares issued under preferential allotment on private placement basis / ESOP allotment	9.04	-	10.14	1,301.89	-
Net proceeds from the new issue of Unsecured Redeemable Non-Convertible Bonds/(Redemption of Bonds)	226.20	-	314.00	(169.60)	614.50
Net Increase/(Decrease) in Borrowings/Refinance	(969.00)	522.00	1,644.00	795.00	747.29
Dividend Payment (Including Corporate Dividend Tax)	-	-	-	(7.25)	(26.76)
NET CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES	**(733.76)**	**522.00**	**1,968.14**	**1,920.04**	**1,335.03**
Net Increase/ (Decrease) in Cash & Cash Equivalent	1,227.16	1,290.17	3,587.11	896.32	1,108.57
Cash & Cash Equivalents in the beginning of the period	7,411.28	3,824.16	3,824.16	2,927.84	1,819.27
Cash & Cash Equivalents at the end of the period	8,638.44	5,114.33	7,411.28	3,824.16	2,927.84

Notes-

1. The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.
2. Figures in bracket indicate cash outflow.

As per our report of even date

For T R Chadha & Co. LLP
Chartered Accountants
FRN: 006711N/N500028

Hitesh Garg
Partner
Membership No.: 502955

Date : September 23, 2021
Place : New Delhi

For and on behalf of The Board of
Capital Small Finance Bank Limited

Sarvjit Singh Samra
Managing Director &
Chief Executive Officer
DIN: 00477444

Rakesh Soni
Director
DIN: 07262045

Gurpreet Singh Chug
Director
DIN: 01003380

Munish Jain
Chief Financial Officer &
Chief Operating Officer

Amit Sharma
Company Secretary
Mem. No. FCS10888

Date : September 23, 2021
Place : Jalandhar

Annexure 4- Statement of Adjustments to Audited Financial Statements

1. **Material Adjustments, Change in Accounting Policy and Change in Estimates**

   The accounting policies and estimates as at and for the quarter ended June 30, 2021 are materially consistent with the policies adopted for each of the quarter ended June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019. The Restated Financial Statements have been prepared based on the respective audited financial statements for the quarters ended June 30, 2021 and 2020 and years ended March 31, 2021, 2020 and 2019.

2. **Non-adjusting items**

   2.1 <u>Emphasis of matter paragraph in auditor's report</u>

   Emphasis of matter paragraphs included in the auditors' report on the financial statements as at and for the quarters ended June 30, 2021 and June 30 2020 and for the years ended March 31, 2021 and March 31 2020 which does not require any corrective adjustment in the Restated Financial Information, are as follows:

   Emphasis of Matter – June 30, 2021 and June 30, 2020

   We draw attention to Note 3.4 of the of Schedule 18 to the financial statements, which describes the extent to which the COVID-19 pandemic will continue to impact the Bank's financial statements will depend on future developments, which are uncertain.

   Our opinion is not modified in respect of this matter.

   Note 22.3.4.1 of restated financial statements represents the note 3.4 of the of Schedule 18 of the audited financial statements for the quarters ended June 2021 and June 2020.

   Emphasis of Matter – March 31, 2021

   We draw attention to note 3.3 of the of Schedule 18 to the financial statements, which describes the extent to which the COVID-19 pandemic will continue to impact the Bank's financial statements will depend on future developments, which are uncertain.

   Our opinion is not modified in respect of this matter.

   Note 22.3.4.2 of restated financial statements represents the note 3.3 of the of Schedule 18 of the audited financial statements for the year ended 2020-21.

   Emphasis of Matter – March 31, 2020

   We draw attention to Schedule 18(3.1) to the financial statements, which describes that the extent to which the COVID-19 Pandemic will impact the Bank's Financial statements will depend on future developments, which are highly uncertain. Considering the circumstances as described in Schedule 18(3.1) to the Financial statements, the Bank has made a provision of ₹7.7 crores for the year ended March 31, 2020.

   Our opinion is not modified in respect of this matter.

   Note 22.3.4.3 of restated financial statements represents the note 3.1 of the of Schedule 18 of the audited financial statements for the year ended 2019-20.

3. **Material Regrouping and Reclassifications**

   Appropriate adjustments have been made in the restated summary statement of assets and liabilities, restated summary statement of profit and loss and restated summary statement of cash flows in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended), by reclassification of the corresponding items of income, expense, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Bank as at and for the quarter ended June 30, 2021.

   Regrouping for the year ended March 2020

(₹ in millions)

Particulars	As per Audited Financials for FY 2019-20	Changes due to Regrouping	Balance after Regrouping
Assets and Liabilities			
Other Liabilities and Provisions- Bills Payable	179.63	(0.26)	179.37
Other Liabilities and Provisions- Others (including provisions)	133.45	0.26	133.71

Regrouping for the year ended March 2019

(₹ in millions)

Particulars	As per Audited Financials for FY 2018-19	Changes due to Regrouping	Balance after Regrouping
Assets and Liabilities			
Other Liabilities and Provisions- Bills Payable	215.41	(0.56)	214.85
Other Liabilities and Provisions- Interest Accrued	41.49	4.96	46.45
Other Liabilities and Provisions- Others (including provisions)	111.14	(4.40)	106.74
Investments- Government Securities	8,588.51	7.29	8,595.80
Other Assets- Interest Accrued	509.45	(7.29)	502.16
Profit and Loss			
Operating Expenses- Payment and Provision to Employees	652.83	5.71	658.54
Operating Expenses- Insurance	48.23	(5.71)	42.52
Cash Flows			
Cash Flow from Operating Activities			
Adjustment in Net Profits for-			
Decrease/ (Increase) In Investments	331.42	22.67	354.09
Decrease/ (Increase) In Other Assets	(215.39)	(22.67)	(238.06)

4. **Material Errors**

There are no material errors that require any adjustment in the Restated Financial Statements.

Annexure 5- Significant Accounting Policies forming part of the Restated Financial Statements

5.1 CORPORATE INFORMATION

Capital Small Finance Bank Limited ('the Bank'), a banking company incorporated under the Companies Act, 1956, is engaged in providing a wide range of banking and financial services including retail banking, commercial banking and treasury operations. The Bank is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013. The name of the Bank has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Reserve Bank of India ('the RBI' or 'RBI') notification dated February 16, 2017. The Bank operates in India and does not have any branch outside India.

5.2 BASIS OF PREPARATION

The Restated Financial Information of the Bank comprise of the Restated Statement of Assets and Liabilities as at June 30, 2021, June 30, 2020, March 31, 2021, 2020 and 2019, the Restated Statement of Profit & Loss, the Restated Cash Flow Statement for the quarters ended June 30, 2021 and June 30, 2020 and for each of the years ended March 31, 2021, 2020 and 2019, the summary statement of significant accounting policies and other explanatory information (collectively, the "Restated Financial Information"). The Restated Financial Information is prepared by the management of the Bank for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP")/ Red Herring Prospectus ("RHP") and Prospectus (collectively referred as the "Offer Documents") in connection with its proposed Initial Public Offer of equity shares ("IPO") in terms of requirements of:

a. Section 26 of Part I of Chapter III of The Companies Act, 2013 (the "Act");

b. Relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ('ICAI'), as amended from time to time (the 'Guidance Note').

The Restated Financial Information have been compiled by the management from the audited interim financial statements of the Bank as at and for the three month ended June 30, 2021 and June 30, 2020 and audited financial statements of the Bank as at and for each of the years ended March 31, 2021, 2020 and 2019 -

a. prepared in compliance with the generally accepted accounting principles in India ("Indian GAAP") and in accordance with statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the RBI from time to time (RBI guidelines), Accounting Standards referred to in Section 133 of the Companies Act, 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment rules, 2016 to the extent applicable and practices prevailing within the banking industry in India, which have been approved by the Board of Directors at their meeting held on September 23, 2021, September 23, 2021, May 11, 2021, May 16, 2020 and May 17, 2019 respectively;

b. prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2021, March 31 2020, March 31 2019 and three month ended June 30, 2020 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the three months period ended June 30, 2021;

c. there are no qualifications in the auditors' reports on the audited financial statements of the Bank as at and for the three month periods ended June 30, 2021 and June 30, 2020 and as at and for years ended March 31, 2021, 2020 and 2019; and

d. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note

The Restated Financial Information have been prepared under the historical cost convention and on accrual basis except where otherwise stated.

The Restated Financial Information are presented in Indian Rupees rounded off to the nearest millions unless otherwise stated.

5.3 USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from estimates and the differences between the actual results and the estimates are recognized prospectively in the period in which the results are known/materialized.

5.4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

5.4.1 Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment if any. The cost of an asset comprises its purchase price and any cost directly attributable to bringing the asset to its working condition and location for its intended use.

Subsequent expenditure on fixed assets after its purchase is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

5.4.2 Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Leasehold improvements are amortized over the duration of the primary lease period or useful life whichever is less.

5.4.3 Intangible assets are amortized on a straight-line basis over their estimated useful life. The amortization period is reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

5.4.4 The rates of depreciation for key fixed assets, which are not lower than the rates, calculated on the basis of the useful life specified in the Schedule II to the Companies Act, 2013, is as follows-

Asset	Depreciation rate per annum
Computers	33.33%
Mobile Phones	33.33%
Cash Sorting Machines	33.33%
Software and System Development Expenditure	20%

5.4.5 All other Assets are depreciated on the rates, calculated on the basis of useful life specified in the Schedule II to the Companies Act, 2013, as detailed below-

Asset	Depreciation rate per annum
Office Equipment	6.33%
Furniture & Fixture	9.50%
Motor Car	11.88%
Two Wheeler	9.50%
Cycle	9.50%

5.4.6 Assets purchased/sold during the period are depreciated on a pro-rata basis.

5.4.7 An item of fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on de-recognition is recognized in the Profit & Loss account.

5.4.8 Gains or losses arising from disposal or retirement of tangible fixed assets are measured as the difference between the net disposal proceeds & the carrying amount of the asset and are recognized on net basis, within “Other Income” as Profit/(Loss) on sale of fixed asset, as the case maybe, in the Profit & Loss account in the period of disposal or retirement.

5.5 IMPAIRMENT OF ASSETS

The carrying amount of assets is reviewed at the Balance Sheet date to determine whether there are any indications of impairment based on internal / external factors. In case of impaired assets, the impairment loss i.e. the amount by which the carrying amount of the asset exceeds its recoverable value is charged to the Profit & Loss account to the extent the carrying amount of assets exceeds its estimated recoverable amount.

5.6 INVESTMENTS

Classification and valuation of the Bank's investments are carried out in accordance with the RBI guidelines which are as follows:

5.6.1 **Categorization of Investments**

The Bank classifies its investment at the time of purchase into one of the following three categories:

- ✓ Held to Maturity (HTM) – Securities acquired with the intention to hold till maturity.
- ✓ Held for Trading (HFT) – Securities acquired with the intention to trade.
- ✓ Available for Sale (AFS) – Securities which do not fall within the above two categories.

5.6.2 **Classification of Investments**

For the purpose of disclosure in the Balance Sheet, investments in India are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and/or Joint Ventures and (vi) Other Investments.

Investments outside India are classified under three groups viz., (i) Government Securities (Including local authorities), (ii) Subsidiaries and/or Joint Ventures abroad and (iii) Other Investments.

5.6.3 **Acquisition cost**

5.6.3.1 Brokerage, commission, etc. pertaining to investments, paid at the time of acquisition is charged to the Profit & Loss account.

5.6.3.2 Cost of investments is computed based on the weighted average cost method.

5.6.4 **Valuation of Investments**

5.6.4.1 Held to Maturity – Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortized over the balance period to maturity. The amortized amount is classified under Interest earned – Income on investments (Item II of Annexure 18). The book value of the security is reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each investment individually.

5.6.4.2 Held for Trading – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.

5.6.4.3 Available for Sale – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.

5.6.4.4 Market value of government securities (excluding treasury bills) is determined on the basis of the prices / YTM declared by the Primary Dealers Association of India (PDAI) jointly with the Financial Benchmark India Private Limited (FBIL).

5.6.4.5 Treasury bills are valued at carrying cost, which includes discount amortized over the period to maturity.

5.6.4.6 Unquoted equity shares are valued at the break-up value, if latest balance sheet is available or at ₹1 as per the RBI guidelines.

5.6.4.7 Security purchase and sale transactions are recorded under Settlement Date method of accounting.

5.6.4.8 Provision for non-performing investments is made in conformity with the RBI guidelines.

5.6.4.9 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 & Loss account to Capital Reserve account.

5.6.4.10 In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit and Loss account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provisions) is appropriated to an Investment Reserve Account (IRA). The balance in IRA is used to meet provision on account of depreciation in AFS and HFT categories by transferring an equivalent amount to the Profit and Loss Appropriation account as and when required.

5.6.4.11 Units of the scheme of Mutual Funds are valued at the lower of cost and Net asset value (NAV) provided by the respective schemes of Mutual Funds.

5.6.4.12 In accordance with the RBI guidelines, repo and reverse repo transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively.

5.6.4.13 Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

5.6.5 **Broken period Interest**

Broken period interest on debt instruments is treated as a revenue item.

5.6.6 **Transfer/Shifting of Security between Categories**

Transfer/shifting of Securities from one category to another is carried out as per the RBI guidelines at acquisition cost or book value or market value, whichever is lower, on the date of transfer and the depreciation, if any, on such transfer is fully provided for.

5.7 ADVANCES

5.7.1 Advances are classified as per the RBI guidelines into standard, sub-standard, doubtful and loss assets. Advances are stated net of specific loan loss provision.

5.7.2 Specific provisions for non-performing advances and floating provisions are made in conformity with the RBI guidelines.

5.7.3 In addition, the Bank considers accelerated provisioning based on past experience, evaluation of securities and other related factors.

5.7.4 Provisions on Standard Assets are made @ 0.40% of the outstanding advances. Further, as per the RBI guidelines, the standard asset provisioning on individual housing loans sanctioned on and after June 07, 2017, is made @ 0.25%. However, provision for banks direct advances to agriculture and SME sectors is made @ 0.25%, medium enterprises sector is made @ 0.4%, commercial real estate sector is made @ 1% and housing loans at teaser rates @ 2% in pursuance to the RBI circulars issued from time to time. Further the same is shown under the head 'Other Liabilities and Provisions' of the restated statement of assets and liabilities.

5.7.5 Amounts recovered during the period against bad debts written off in earlier accounting periods are credited to the Profit & Loss account.

5.7.6 Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are written back to the Profit & Loss account to the extent such provisions were charged to the Profit & Loss account.

5.7.7 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 advance/ 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. Restructuring of an account is done at a borrower level.

5.7.8 The moratorium granted as part of COVID-19 Regulatory package announced by RBI, to the borrowers is not accounted as restructuring of loans.

5.7.9 The Bank enters into transactions for the sale/purchase of Priority Sector Lending Certificates (PSLCs) through the RBI platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as 'Miscellaneous Income' as shown under Annexure 19.

5.8 NET PROFITS

The Net Profits have been arrived at after:

- ✓ Provisions for Income Tax in accordance with the statutory requirements
- ✓ Provisions on Advances
- ✓ Adjustments to the value of Investments

Other usual and necessary provisions

5.9 REVENUE RECOGNITION

Income is accounted on Accrual basis except in the following cases:

- ✓ Income on Non-Performing Assets is recognized on realization basis as per the RBI guidelines.
- ✓ Interest which remains overdue for 90 days on securities not covered by Government guarantee is recognized on realization basis as per the RBI guidelines.
- ✓ Commission (other than on Deferred Payment Guarantees and Government Transactions), Exchange and Brokerage are recognized on realization basis. However, Commission, Exchange and Brokerage on loan accounts is recognized as and when charged to the borrower account.
- ✓ Interest on Overdue Bills is recognized on Realization Basis as per the RBI guidelines.

5.10 EMPLOYEE BENEFITS

5.10.1 **Provident Fund**: As per the statute, contribution towards provident fund for certain employees is made to the regulatory authorities, where the Bank has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Bank does not carry any further obligations, apart from the contributions made on a monthly basis.

5.10.2 **Gratuity**: Every employee is entitled to a benefit equivalent to 15 days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Bank or retirement, whichever is earlier. The benefits vest after five years of continuous service.

The Gratuity scheme of the Bank is a defined benefit scheme and the expense for the period is recognized on the basis of actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial losses/ gains are recognized in the Profit and Loss Account in the year in which they arise. Payment obligations under the Group Gratuity scheme are managed through a fund maintained by ICICI Prudential Life Insurance under separate Trust set up by the Bank.

5.10.3 **Compensated absences**: Provision for compensated absences is made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method.

5.10.4 **Share-based payments**: The measurement and disclosure of employee stock options offered by the Bank is as per 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 and recognized, together with a corresponding increase in the 'stock options outstanding account' under Annexure 7- Restated Statement of Revenue & Other Reserves Account. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Bank's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

5.10.5 **The Code on Social Security, 2020** relating to employee benefits during employment and post-employment benefits has received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Bank is in the process of evaluating the financial impact, if any.

5.11 LEASE

5.11.1 Lease arrangements where risk and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases.

5.11.2 Lease rentals under operating lease are charged to the Profit & Loss account on straight line basis over the lease term in accordance with AS-19, Leases.

5.12 SEGMENT REPORTING

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per the RBI guidelines. The Bank's business has been segregated into four segments namely Treasury, Wholesale Banking, Retail Banking and other Banking Operations.

Geographical Segment

Since the business operations of the Bank are primarily concentrated in India, the Bank is considered to operate only in the domestic segment.

5.13 EARNINGS PER SHARE

5.13.1 Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

5.13.2 Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as at end of the period except when its results are anti-dilutive.

5.14 TAXES

Tax expenses comprise of current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized, in general, 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; where there is unabsorbed depreciation and/or carry forward of losses under tax laws, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realized against future taxable income.

Current tax assets and liabilities and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off-set and when the Bank intends to settle on a net basis.

Current tax assets and liabilities and deferred tax assets and liabilities are calculated at the rates applicable as per the Income Tax Act, 1961.

5.15 PROVISIONS AND CONTINGENT LIABILITIES & CONTINGENT ASSETS

5.15.1 A provision is recognized when there is a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

5.15.2 A disclosure of contingent liability is made when there is:

- ✓ possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or

- ✓ a present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

5.15.3 When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

5.15.4 Contingent assets, if any, are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

5.16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand (including balance in ATM), balances with the RBI, balances with other banks in current accounts and money at call and short notice.

5.17 TRANSACTION INVOLVING FOREIGN EXCHANGE

5.17.1 All transactions in foreign currency are recognized at the exchange rate as notified by the Foreign Exchange Dealers Association of India (FEDAI).

5.17.2 Foreign currency monetary items are reported using the exchange rate prevailing at the Balance Sheet date.

5.17.3 Non-monetary items which are measured in terms of historical cost denominated in foreign currency are reported using the exchange rate as notified by Foreign Exchange Dealers Association of India (FEDAI) at the date of transaction. Non-monetary items which are measured at Fair Value or other similar value denominated in a foreign currency are translated using the exchange rate at the date when such value is determined.

5.17.4 Exchange differences arising on settlement of monetary items or on reporting of such monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or expense in the period in which they arise.

Annexures forming part of the Restated Statement of Assets and Liabilities
(All amounts in ₹million except otherwise stated)

PARTICULARS	As on June 30, 2021	As on June 30, 2020	As on March 31, 2021	As on March 31, 2020	As on March 31,2019
ANNEXURE 6- RESTATED STATEMENT OF CAPITAL					
Authorised Capital					
5,00,00,000 equity shares of ₹10 each (5,00,00,000- March 31, 2021; 3,50,00,000- June 30, 2020, March 31, 2020 and March 31, 2019)	**500.00**	**350.00**	**500.00**	**350.00**	**350.00**
Issued, Subscribed and Paid-up Capital					
3,40,02,967 equity shares issued of ₹10 each fully paid-up (March 31, 2021- 3,39,10,681 equity shares of ₹10 each; June 30, 2020 and March 31, 2020- 3,38,07,217 equity shares of ₹10 each; March 31, 2019- 2,84,80,743 equity shares of ₹10 each)	340.03	338.07	339.10	338.07	284.81
Total	**340.03**	**338.07**	**339.10**	**338.07**	**284.81**
ANNEXURE 7 – RESTATED STATEMENT OF RESERVES AND SURPLUS					
I. **Statutory Reserves**					
Opening Balance	573.18	471.22	471.22	407.77	359.23
Additions during the period	-	-	101.96	63.45	48.54
Total	573.18	471.22	573.18	471.22	407.77
II. **Capital Reserves**					
Opening Balance	0.16	0.16	0.16	0.16	0.16
Total	0.16	0.16	0.16	0.16	0.16
III. **Special Reserves**					
Opening Balance	18.38	11.45	11.45	10.33	9.64
Additions during the period	-	-	6.93	1.12	0.69
Total	18.38	11.45	18.38	11.45	10.33
IV. **Investment Reserves Account**					
Opening Balance	13.00	13.14	13.14	13.14	13.18
Deductions during the period	-	-	(0.14)	-	(0.04)
Total	13.00	13.14	13.00	13.14	13.14
V. **Investment Fluctuation Reserve**					
Opening Balance	67.95	44.01	44.01	12.07	-
Additions during the period	-	-	23.94	31.94	12.07
Total	67.95	44.01	67.95	44.01	12.07
V. **Share Premium Account**					
Opening Balance	2.206.86	2,185.90	2,185.90	937.27	937.27
Additions during the period	18.70	-	20.96	1,289.01	-
Deductions during the period	-	-	-	(40.38)	-
Total	2,225.56	2,185.90	2,206.86	2,185.90	937.27
VI. **Revenue and Other Reserves**					
Opening Balance	26.39	16.13	16.13	-	-
Additions during the period	3.25	4.35	22.12	16.13	-
Deductions during the period	(10.58)	-	(11.86)	-	-
Total	19.06	20.48	26.39	16.13	-
VII. **Balance in Profit & Loss Account**	1,384.71	1,055.72	1,262.88	987.72	837.67
Grand Total	**4,302.00**	**3,802.08**	**4,168.80**	**3,729.73**	**2,218.41**

ANNEXURE 8 – RESTATED STATEMENT OF DEPOSITS

	PARTICULARS	As on June 30, 2021	As on June 30, 2020	As on March 31, 2021	As on March 31, 2020	As on March 31,2019
A I	**Demand Deposits**					
	From banks	0.62	1.34	0.65	2.20	1.34
	From others	2,035.53	1,856.83	2,072.01	1,330.97	1,436.92
II.	**Saving Bank Deposits**	20,158.31	15,581.69	18,853.68	14,813.57	12,640.10
III	**Term deposits**					
	From banks	840.57	1,616.54	565.45	1,722.67	618.44
	From others	31,794.00	27,812.82	30,718.91	26,596.82	21,975.78
	Total	**54,829.03**	**46,869.22**	**52,210.70**	**44,466.23**	**36,672.58**
B I	Deposits of branches in India	54,829.03	46,869.22	52,210.70	44,466.23	36,672.58
II	Deposits of branches outside India	-	-	-	-	-
	Total	**54,829.03**	**46,869.22**	**52,210.70**	**44,466.23**	**36,672.58**

ANNEXURE 9- RESTATED STATEMENT OF BORROWINGS

	PARTICULARS	As on June 30, 2021	As on June 30, 2020	As on March 31, 2021	As on March 31, 2020	As on March 31,2019
I.	**Borrowings in India**					
	i) Reserve Bank of India	-	810.00	-	810.00	-
	ii) Other Banks	-	-	-	-	-
	iii)Other Institutions and Agencies	3,277.00	2,314.00	4,246.00	1,792.00	1,807.00
	iv)Unsecured Redeemable Non-Convertible Bonds (Subordinated debt - Tier II Capital)	1,757.40	1,217.20	1,531.20	1,217.20	1,386.80
	v)Hybrid debt Capital instrument issued as debentures	390.00	390.00	390.00	390.00	390.00
II.	**Borrowings outside India**	-	-	-	-	-
	Total	**5,424.40**	**4,731.20**	**6,167.20**	**4,209.20**	**3,583.80**
	Secured Borrowings included in I and II above	3,277.00	3,124.00	4,246.00	2,602.00	1,807.00

ANNEXURE 10- RESTATED STATEMENT OF OTHER LIABILITIES AND PROVISIONS

	PARTICULARS	As on June 30, 2021	As on June 30, 2020	As on March 31, 2021	As on March 31, 2020	As on March 31,2019
I.	Bills Payable	266.91	90.10	419.44	179.37	214.85
II.	Inter-office adjustments (net)	3.75	0.19	-	0.36	0.11
III.	Interest accrued	63.16	76.07	53.59	56.33	46.45
IV	Provision for taxes (net of taxes paid in advance/TDS)	9.43	0.06	-	-	-
V.	Others (including provisions)	205.93	139.91	178.74	133.71	106.73
VI.	Contingent provision against standard assets	213.85	240.77	174.81	185.77	84.30
	Total	**763.03**	**547.10**	**826.58**	**555.54**	**452.44**

ANNEXURE 11- RESTATED STATEMENT OF CASH AND BALANCE WITH RESERVE BANK OF INDIA

	PARTICULARS	As on June 30, 2021	As on June 30, 2020	As on March 31, 2021	As on March 31, 2020	As on March 31,2019
I.	Cash in hand (including Cash at ATM)	628.00	533.13	579.61	610.17	430.77
II.	Balance with Reserve Bank of India					
a)	in current accounts	2,293.54	1,696.44	1,917.63	1,602.16	1,717.87
b)	in other deposits accounts	5,270.00	-	4,720.00	-	-
	Total	**8,191.54**	**2,229.57**	**7,217.24**	**2,212.33**	**2,148.64**

ANNEXURE 12- RESTATED STATEMENT OF BALANCE WITH BANKS AND MONEY AT CALL & SHORT NOTICE

	PARTICULARS	As on June 30, 2021	As on June 30, 2020	As on March 31, 2021	As on March 31, 2020	As on March 31,2019
I.	**In India**					
I)	Balance with banks					
a)	in current accounts	446.89	334.98	194.04	112.19	299.58
b)	in other deposit accounts	6,988.38	5,736.24	5,492.95	4,333.33	4,188.44
II)	Money at call and short notice					
a)	With Banks	-	-	-	-	-
b)	With other Institutions	-	2,549.78	-	1,499.64	479.62

	Total (I)	7,435.27	8,621.00	5,686.99	5,945.16	4,967.64

	PARTICULARS	**As on June 30, 2021**	**As on June 30, 2020**	**As on March 31, 2021**	**As on March 31, 2020**	**As on March 31,2019**
II	**Outside India**					
a)	in current accounts	-	-	-	-	-
b)	in other deposits accounts	-	-	-	-	-
c)	Money at call and short notice	-	-	-	-	-
	Total (II)	-	-	-	-	-
	Grand Total (I+II)	**7,435.27**	**8,621.00**	**5,686.99**	**5,945.16**	**4,967.64**

ANNEXURE 13- RESTATED STATEMENT OF INVESTMENTS

I	**Investments in India in**					
i)	Government securities	11,803.72	12,195.00	12,107.36	10,518.75	8,595.86
ii)	Other approved securities	-	-	-	-	-
iii)	Shares	15.40	-	15.40	-	-
iv)	Debentures and Bonds	-	-	-	-	30.00
v)	Subsidiaries and/or joint ventures	-	-	-	-	-
vi)	Others(Certificate of deposits, money market based mutual Funds)	-	-	-	-	-
	Total (I)	11,819.12	12,195.00	12,122.76	10,518.75	8,625.86
II	**Investments outside India in**					
i)	Government securities	-	-	-	-	-
ii)	Subsidiaries and/or joint ventures abroad	-	-	-	-	-
iii)	Other Investments	-	-	-	-	-
	Total (II)	-	-	-	-	-
	Grand Total (I+II)	11,819.12	12,195.00	12,122.76	10,518.75	8,625.86
III.	**Gross value of Investments**	11,819.12	12,195.00	12,122.76	10,518.75	8,625.86
	Provision for Depreciation	-	-	(0.24)	-	(0.06)
	Net value of Investments	**11,819.12**	**12,195.00**	**12,122.52**	**10,518.75**	**8,625.80**

ANNEXURE 14- RESTATED STATEMENT OF ADVANCES

A i)	Bills purchased and discounted	-	3.02	-	4.92	4.56
ii)	Cash credits, overdrafts and loans repayable on demand	18,466.92	16,526.25	19,438.52	18,670.93	15,522.34
iii)	Term Loans	17,955.03	14,919.07	17,830.34	14,407.23	10,463.55
	Total	36,421.95	31,448.34	37,268.86	33,083.08	25,990.45
B i)	Secured by Tangible Assets	35,392.51	31,177.60	36,231.28	32,783.73	25,702.05
ii)	Covered by Bank / Government Guarantees	857.80	-	839.91	-	-
iii)	Unsecured	171.64	270.74	197.67	299.35	288.40
	Total	36,421.95	31,448.34	37268.86	33,083.08	25,990.45
C I)	**Advances in India**					
i)	Priority Sector (Refer note 22.8.6 of Annexure 22)	25,029.49	21,474.18	25,577.63	22,913.65	18,141.70
ii)	Public Sector	-	-	-	-	-
iii)	Banks	-	0.07	-	0.10	-
iv)	Other	11,392.46	9,974.09	11,691.23	10,169.33	7,848.75
	Total (I)	36,421.95	31,448.34	37,268.86	33,083.08	25,990.45
II)	**Advances outside India**					
i)	Due from Banks	-	-	-	-	-
ii)	Due from Others	-	-	-	-	-
a)	Bills Purchased & Discounted	-	-	-	-	-
b)	Syndicated Loans	-	-	-	-	-
c)	Others	-	-	-	-	-
	Total (II)	-	-	-	-	-
	Grand Total (I+II)	**36,421.95**	**31,448.34**	**37,268.86**	**33,083.08**	**25,990.45**

PARTICULARS	As on June 30, 2021	As on June 30, 2020	As on March 31, 2021	As on March 31, 2020	As on March 31,2019
ANNEXURE 15- RESTATED STATEMENT OF FIXED ASSETS					
I. **Premises**					
At cost as on opening date	64.52	64.52	64.52	64.52	64.52
Additions during the period	-	-	-	-	-
Deductions during the period	-	-	-	-	
Total	64.52	64.52	64.52	64.52	64.52
Depreciation					
As at closing date	-	-	-	-	-
Charge for the period	-	-	-	-	-
Total	-	-	-	-	-
Net Block I	64.52	64.52	64.52	64.52	64.52
II. **Other Fixed Assets (including furniture & fixtures)**					
At cost as on opening date	1,646.16	1,530.63	1,530.63	1,308.52	1011.06
Additions during the period	27.26	24.93	129.26	225.63	310.40
Deductions during the period	(0.30)	(8.41)	(13.73)	(3.52)	(12.93)
Total	1,673.12	1,547.15	1,646.16	1,530.63	1308.53
Depreciation					
As at opening date	845.15	688.91	688.91	537.86	429.86
Charge for the period	41.42	39.69	164.92	153.37	117.66
Reversed on sale	(0.18)	(4.27)	(8.69)	(2.32)	(9.66)
Total	886.39	724.33	845.14	688.91	537.86
Net Block II	786.73	822.82	801.02	841.72	770.67
Grand Total (I & II)	**851.25**	**887.34**	**865.54**	**906.24**	**835.19**
ANNEXURE 16- RESTATED STATEMENT OF OTHER ASSETS					
i) Inter-office adjustments (net)	-	-	-	-	-
ii) Interest accrued	773.50	752.38	407.87	491.13	502.16
iii) Taxes paid in advance/TDS (net of provision for taxes)	-	-	15.69	14.80	14.95
iii) Stationary & Stamps	3.26	3.38	2.91	2.50	7.35
iv) Others	162.60	150.66	124.76	124.78	119.86
Total	**939.36**	**906.42**	**551.23**	**633.21**	**644.32**
ANNEXURE 17- RESTATED STATEMENT OF CONTINGENT LIABILITIES					
i) Claims against the Bank not acknowledged as debts	-	-	-	-	-
ii) Liability for partly paid investments	-	-	-	-	-
iii) Liability on account of outstanding forward exchange contracts	-	-	-	-	-
iv) Guarantees given on behalf of constituents					
(a) In India	300.12	273.07	327.14	321.33	373.91
(b) Outside India	-	-	-	-	-
v) Acceptances, endorsements and other obligations	13.38	13.60	13.16	13.56	12.51
vi) Other items for which bank is contingently liable.	45.35	38.34	43.21	35.82	34.51
Total	**358.85**	**325.01**	**383.51**	**370.71**	**420.93**

Annexures forming part of the Restated Statement of Profit and Loss
(All amounts in ₹million except otherwise stated)

	PARTICULARS	Quarter ended June 30, 2021 (3 months)	Quarter ended June 30, 2020 (3 months)	Year ended March 31, 2021 (12 months)	Year ended March 31, 2020 (12 months)	Year ended March 31,2019 (12 months)
	ANNEXURE 18- RESTATED STATEMENT OF INTEREST EARNED					
I.	Interest/discount on advances/ bills	1,001.53	911.73	3,724.31	3,306.60	2,416.79
II.	Income on investments	208.92	210.03	846.81	729.05	643.42
III.	Interest on balance with Reserve Bank of India and inter-bank funds	153.91	120.24	543.27	545.67	402.67
IV.	Others	-	-	-	0.03	0.03
	Total	**1,364.36**	**1,242.00**	**5,114.39**	**4,581.35**	**3,462.91**
	ANNEXURE 19- RESTATED STATEMENT OF OTHER INCOME					
I.	Commission, exchange and brokerage	71.25	33.51	295.52	288.41	237.15
II.	Profit/Loss on sale of investments(Net)	20.31	33.49	83.99	57.13	32.08
III.	Profit/Loss on revaluation of investments(Net)	-	-	-	-	-
IV.	Profit/Loss on sale of Land, building & other assets(Net)	(0.01)	0.14	0.02	(0.18)	(2.05)
V	Profit/Loss on Exchange Transactions(Net)	6.75	5.03	20.76	35.80	28.08
VI	Income earned by way of dividends etc.	-	-	-	-	-
VII	Miscellaneous income	11.29	10.98	58.29	48.39	17.81
	Total	**109.59**	**83.15**	**458.58**	**429.55**	**313.07**
	ANNEXURE 20- RESTATED STATEMENT OF INTEREST EXPENDED					
I.	Interest on deposits	695.34	681.59	2,783.14	2,538.39	1,912.27
II.	Interest on Reserve Bank of India/ inter-bank borrowings	0.05	10.40	20.03	6.44	12.56
III.	Others	98.48	74.76	325.11	310.29	186.68
	Total	**793.87**	**766.75**	**3,128.28**	**2,855.12**	**2,111.51**
	ANNEXURE 21- RESTATED STATEMENT OF OPERATING EXPENSES					
I.	Payments to and provisions for employees	251.04	212.48	904.30	846.42	658.54
II.	Rent, taxes and lighting	63.21	59.55	258.65	249.65	215.34
III.	Printing and stationery	7.44	2.19	21.99	31.46	24.30
IV.	Advertisement and publicity	1.02	0.56	1.76	3.82	7.48
V.	Depreciation on bank property	41.42	39.69	164.92	153.37	117.66
VI.	Directors fees, allowances & expenses	0.92	0.79	2.32	2.67	1.16
VII	Auditors fees and expenses	1.00	-	4.89	4.87	1.80
VIII	Law charges	-	-	0.05	0.02	-
IX	Postage, telegrams, telephones etc.	6.27	6.65	28.57	25.57	21.07
X	Repairs and maintenance	12.91	12.93	61.38	52.18	24.68
XI	Insurance	20.00	18.50	70.72	57.46	42.53
XII	Other expenditure	49.01	49.24	210.04	205.84	207.14
	Total	**454.24**	**402.58**	**1,729.59**	**1,633.33**	**1,321.70**

ANNEXURE 22- Notes forming part of the restated summary statements

22.1 CAPITAL

22.1.1 Capital to risk-weighted asset ratio ('Capital Adequacy Ratio') of the Bank has been calculated as per the Basel II norms prescribed by the RBI and other relevant guidelines issued from time to time:

Ratio of capital to risk-weighted assets	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
1. CRAR (%)	21.12%	19.88%	19.80%	19.11%	16.40%
2. CRAR - Tier I Capital (%)	14.59%	14.61%	14.27%	14.00%	10.51%
3. CRAR - Tier II Capital (%)	6.53%	5.27%	5.53%	5.11%	5.89%
4. Leverage Ratio	6.66%	6.96%	6.67%	7.27%	5.56%

22.1.2 Movement in Capital during the period is as below:

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
1. Amount of equity (Face Value) raised on private placement under preferential allotment/ allotment of employee stock options	0.93	-	1.03	53.26	-
2. Amount of debt raised as Upper Tier-II capital	-	-	-	-	-
3. Amount of subordinated debt raised as Tier-II capital (Lower Tier-II capital)	313.50	-	314.00	-	614.50

22.1.3 Tier I Capital Infusion

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31,2021	Year ended March 31, 2020	Year ended March 31, 2019
Opening Balance	339.10	338.07	338.07	284.81	284.81
Addition pursuant to Amount of equity raised on private placement basis under preferential allotment/ allotment of employee stock options	0.93	-	1.03	53.26	-
Closing Balance	340.03	338.07	339.10	338.07	284.81

22.1.4 Proposed Dividend

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31,2021	Year ended March 31, 2020	Year ended March 31, 2019
Dividend per equity share (₹)	-	-	0.80	-	0.20
Amount of dividend	-	-	27.13	-	5.70

According to the 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 accounted proposed dividend (including tax) as a liability for the accounting periods. However, the Bank has reckoned proposed dividend in determining capital funds for computing capital adequacy ratio.

22.1.5 Tier 2 Capital

Issue during the period

The Bank has raised Unsecured Redeemable Non-Convertible Lower Tier II Bond, detailed as below:

(₹ in millions)

Period	Series	Date of Allotment	Coupon (%)	Tenure	Amount
Year ended March 2019	Series XV	15-May-18	9.25%	10 Years	209.50
Year ended March 2019	Series XVI	28-Feb-19	10.00%	10 Years	180.00
Year ended March 2019	Series XVII	31-Mar-19	10.00%	10 Years	225.00
Year ended March 2021	Series XVIII	18-Nov-20	9.25%	10 Years	314.00
Quarter ended June 2021	Series XIX	29-Jun-21	9.25%	10 Years	313.50

Maturity during the period

The following Unsecured Redeemable Non-Convertible Lower Tier II Bonds have matured:

(₹ in millions)

Period	Series	Date of Maturity	Coupon (%)	Amount
Year ended March 2020	Series I	17-Sep-19	11.00%	50.30
Year ended March 2020	Series II	29-Sep-19	11.00%	36.00
Year ended March 2020	Series III	24-Oct-19	11.00%	27.80
Year ended March 2020	Series IV	27-Mar-20	10.00%	55.50
Quarter ended June 2021	Series V	04-Jun-21	11.00%	57.10
Quarter ended June 2021	Series VI	18-Jun-21	11.00%	30.20

Maturity Profile of total debentures outstanding as on June 30, 2021:

Unsecured Redeemable Non-Convertible Lower Tier II Bonds

(₹ in millions)

Series	Amount	Maturity Date
11% Tier II Bonds Series VII	60.40	25-Aug-22
11% Tier II Bonds Series VIII	50.30	04-May-23
11% Tier II Bonds Series IX	31.00	20-May-23
11% Tier II Bonds Series X	94.70	24-May-24
10.50% Tier II Bonds Series XII	120.00	17-Feb-26
9.75% Tier II Bonds Series XIV	159.00	25-Nov-26
9.25% Tier II Bonds Series XV	209.50	15-May-28
10% Tier II Bonds Series XVI	180.00	28-Feb-29
10% Tier II Bonds Series XVII	225.00	31-Mar-29
9.25% Tier II Bonds Series XVIII	314.00	18-Nov-30

9.25% Tier II Bonds Series XIX	313.50	29-Jun-31
TOTAL	**1,757.40**	

Unsecured Redeemable Non-Convertible Upper Tier II Bonds

(₹ in millions)

Series	Amount	Maturity Date
11.75% Upper Tier II Bonds Series XI	140.00	31-Mar-30
11.75% Upper Tier II Bonds Series XIII	250.00	30-Mar-31
TOTAL	**390.00**	

22.1.6 Creation/(Reversal) of Investment Reserve Account

(₹ in millions)

Period	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
During the period	-	-	(0.14)	-	(0.04)
Closing Balance	13.00	13.14	13.00	13.14	13.14

22.1.7 Creation of Investment Fluctuation Reserve

The Bank has appropriated amounts as stated under to Investment Fluctuation Reserve as per the applicable RBI guidelines.

(₹ in millions)

Period	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
During the period	-	-	23.94	31.94	12.07
Closing Balance	67.95	44.01	67.95	44.01	12.07

22.2 Investments

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31,2021	Year ended March 31,2020	Year ended March 31, 2019
1. Value of Investments					
i. Gross Value of Investments					
In India	11,819.12	12,195.00	12,122.76	10,518.75	8,625.86
Outside India	-	-	-	-	-
ii. Provision for Investments					
In India	-	-	(0.24)	-	(0.06)
Outside India	-	-	-	-	-
iii. Net Value of Investments					
In India	**11,819.12**	**12,195.00**	**12,122.52**	**10,518.75**	**8,625.80**
Outside India	-	-	-	-	-
2. Movement of Provision for Depreciation held towards Investments					
i. Opening Balance	0.24	-	-	0.06	0.01
ii. Provisions made during the period	-	-	0.44	0.71	61.98
iii. Write-off/(write-back) of excess provisions during the period	(0.24)	-	(0.20)	(0.77)	(61.93)
iv. Closing Balance	**-**	**-**	**0. 24**	**-**	**0.06**

22.2.1 Repo/Reverse Repo

During the quarter ended June 30, 2021

The Bank has undertaken MSF, Tri-party repo/reverse repo, Automated Sweep In Sweep Out (ASISO) during the period with Clearing Corporation of India Ltd. (CCIL) and RBI as part of money market operations.

(₹ in millions)

Particulars	Minimum Outstanding during the period (Face Value)	Maximum Outstanding during the period (Face Value)	Daily Average Outstanding during the period (Face Value)	Outstanding as on June 30, 2021 (Face Value)
Securities sold under repo:				
1. Government Securities	-	99.98	5.16	-
2. Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo:				
1. Government Securities	2,840.00	7,680.00	5,703.52	5,270.00
2. Corporate Debt Securities	-	-	-	-

During the quarter ended June 30, 2020

The Bank has undertaken MSF, Tri-party repo/reverse repo and Long Term Repo transactions during the Period with Clearing Corporation of India Ltd. (CCIL) and RBI as part of money market operations.

(₹ in millions)

Particulars	Minimum Outstanding during the period (Face Value)	Maximum Outstanding during the period (Face Value)	Daily Average Outstanding during the period (Face Value)	Outstanding as on June 30, 2020 (Face Value)
Securities sold under repo:				
1. Government Securities	810.00	910.00	811.10	810.00
2. Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo:				
1. Government Securities	-	3799.67	1,458.77	2,549.79
2. Corporate Debt Securities	-	-	-	-

During the year ended March 31, 2021

The Bank has undertaken MSF, Tri-party repo/reverse repo, Automated Sweep In Sweep Out (ASISO) and Long Term Repo transactions during the year with Clearing Corporation of India Ltd. (CCIL) and RBI as part of money market operations.

(₹ in millions)

Particulars	Minimum Outstanding during the year (Face Value)	Maximum Outstanding during the year (Face Value)	Daily Average Outstanding during the year (Face Value)	Outstanding as on March 31, 2021 (Face Value)

Securities sold under repo:				
1. Government Securities	-	1,099.75	385.89	-
2. Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo:				
1. Government Securities	-	7,469.50	3,688.02	4,720.00
2. Corporate Debt Securities	-	-	-	-

During the year ended March 31, 2020

The Bank has undertaken MSF, Tri-party repo/reverse repo, and Long Term Repo transactions during the year with Clearing Corporation of India Ltd. (CCIL) and RBI as part of money market operations.

(₹ in millions)

Particulars	Minimum Outstanding during the year (Face Value)	Maximum Outstanding during the year (Face Value)	Daily Average Outstanding during the year (Face Value)	Outstanding as on March 31, 2020 (Face Value)
Securities sold under repo:				
1. Government Securities	-	1,159.89	113.05	810.00
2. Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo:				
1. Government Securities	-	3,798.43	854.96	1499.65
2. Corporate Debt Securities	-	-	-	-

During the year ended March 31, 2019

The Bank has undertaken Tri-party repo transactions during the year with Clearing Corporation of India Ltd. (CCIL) as part of money market operations wherein CCIL acts as tri- party repo agent.

(₹ in millions)

Particulars	Minimum Outstanding during the year (Face Value)	Maximum Outstanding during the year (Face Value)	Daily Average Outstanding during the year (Face Value)	Outstanding as on March 31, 2019 (Face Value)
Securities sold under repo:				
1. Government Securities	-	966.51	176.33	-
2. Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo:				
1. Government Securities	-	1,597.49	317.91	490.04
2. Corporate Debt Securities	-	-	-	-

22.2.2 Non- SLR Investment Portfolio

22.2.3 Issuer Composition of Non-SLR investments on last day of the period

As on June 30, 2021

(₹ in millions)

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.	PSUs	-	-	-	-	-
ii.	FIs	-	-	-	-	-
iii.	Banks	-	-	-	-	-
iv.	Private Corporates	15.40	15.40	-	-	15.40
v.	Subsidiaries/ Joint Ventures	-	-	-	-	-
vi.	Others	-	-	-	-	-
vii.	Provision held towards depreciation	-	-	-	-	-
	Total	**15.40**	**15.40**	-	-	**15.40**

As on June 30, 2020

The Bank does not hold any investment in Non-SLR category as on June 30, 2020.

As on March 31, 2021

(₹ in millions)

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.	PSUs	-	-	-	-	-
ii.	FIs	-	-	-	-	-
iii.	Banks	-	-	-	-	-
iv.	Private Corporates	15.40	15.40	-	-	15.40
v.	Subsidiaries/ Joint Ventures	-	-	-	-	-
vi.	Others	-	-	-	-	-
vii.	Provision held towards depreciation	(0.24)	(0.24)	-	-	(0.24)
	Total	**15.16**	**15.16**	-	-	**15.16**

As on March 31, 2020

The Bank does not hold any investment in Non-SLR category as on March 31, 2020.

As on March 31, 2019

(₹ in millions)

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.	PSUs	30.00	-	-	-	-
ii.	FIs	-	-	-	-	-
iii.	Banks	-	-	-	-	-
iv.	Private Corporates	-	-	-	-	-
v.	Subsidiaries/ Joint Ventures	-	-	-	-	-
vi.	Others	-	-	-	-	-
vii.	Provision held towards depreciation	-	-	-	-	-
	Total	**30.00**	**-**	-	-	**-**

22.2.3.1 Non performing Non- SLR investments

The Bank does not have any non-performing Non-SLR investment during the quarters ended June 30, 2021 and June 30, 2020 and during the years ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.2.4 Shifting of Investments

The Bank, after approval of the Board of Directors, has transferred government securities within the categories as stated below:

During the quarter ended June 30, 2021

(₹ in millions)

Category (From)	Category (To)	Book Value	Market Value
Held to Maturity	Available for Sale	913.81	967.43
Available for Sale	Held to Maturity	259.83	270.10
Total		**1,173.64**	**1,237.53**

During the quarter ended June 30, 2020 and year ended March 31, 2021

(₹ in millions)

Category (From)	Category (To)	Book Value	Market Value
Held to Maturity	Available for Sale	1,167.88	1,263.41
Total		**1,167.88**	**1,263.41**

During the year ended March 31, 2020

The Bank has not shifted any investment during the year ended March 2020.

During the year ended March 31, 2019

(₹ in millions)

Category (From)	Category (To)	Book Value	Market Value
Held to Maturity	Available for Sale	508.02	521.28
Available for Sale	Held to Maturity	1,287.77	1,283.05
Total		**1,795.79**	**1,804.33**

22.2.5 Derivatives

The Bank has not undertaken any derivative business during the quarters ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.2.6 Security Receipts

The Bank does not hold any investment in Security Receipts during the quarter ended June 30, 2021 and quarters ended June 30, 2020 and year ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.3 Asset Quality

22.3.1 Non- performing Assets

(₹ in millions)

	Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
i.	Net NPAs to Net Advances (%)	**1.44%**	**1.27%**	**1.13%**	**1.25%**	**0.93%**
ii.	Movement of NPAs (Gross)					
	Opening balance	782.43	585.07	585.07	339.56	211.29
	Additions during the period	176.16	-	248.53	421.90	278.45
	Reductions during the period	(46.16)	(0.35)	(51.17)	(176.39)	(150.18)
	Closing balance	**912.43**	**584.72**	**782.43**	**585.07**	**339.56**
iii.	Movement of NPAs (Net)					
	Opening balance	421.42	412.50	412.50	242.20	154.31
	Additions during the period	138.69	-	45.91	310.07	215.25
	Reductions during the period	(34.22)	(11.75)	(36.99)	(139.77)	(127.36)

	Closing balance	**525.89**	**400.75**	**421.42**	**412.50**	**242.20**
iv.	Movement of provisions for NPAs (excluding provisions on standard assets)					
	Opening balance	361.01	172.57	172.57	97.35	56.97
	Provisions made during the period	37.47	11.57	202.62	111.83	63.20
	Write-off/ write-back of excess provisions	(11.94)	(0.17)	(14.18)	(36.61)	(22.82)
	Closing balance	**386.54**	**183.97**	**361.01**	**172.57**	**97.35**

22.3.2 Restructuring of Accounts

22.3.2.1 Restructuring under RBI guidelines on "Resolution Framework for COVID-19-related Stress"

During the quarter ended June 30, 2021

(₹ in millions)

Type of borrower	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan#
	(A)	(B)	(C)	(D)	(E)
Personal Loans	165	216.95	-	-	24.43
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	41	18.67	-	-	1.89
Total	**206**	**235.62**	**-**	**-**	**26.32**
*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016					

#The Bank has created provision on borrower level.

During the year ended March 31, 2021

(₹ in millions)

Type of borrower	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan#
	(A)	(B)	(C)	(D)	(E)
Personal Loans	26	41.41	-	-	6.75
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**26**	**41.41**	**-**	**-**	**6.75**
*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016					

#The Bank has created provision on borrower level.

22.3.2.2 Restructuring under Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses

During the quarter ended June 2021

S. No	Description	Individual Borrowers		Small Businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process under Part A	141	35	6
(B)	Number of accounts where resolution plan has been implemented under this window	141	35	6
(C)	Exposure to accounts mentioned at (B) before implementation of the plan *(₹ in millions)*	177.43	15.22	3.62
(D)	Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
(F)	Increase in provisions on account of the implementation of the resolution plan *(₹ in millions)*	17.96	1.53	0.36

22.3.2.3 Restructuring under RBI guidelines on "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances"

(₹ in millions)

As on June 30, 2021		As on June 30, 2020		As on March 31,2021	
No. of accounts restructured	Amount	No. of accounts restructured	Amount	No. of accounts restructured	Amount

182	923.40	-	-	132	807.10

The Bank has not restructured any account under the framework during the years ended March 31, 2020 and March 31, 2019.

22.3.2.4 Particulars of Accounts Restructured (other than under Covid -19 and MSME restructuring schemes) during the quarter ended June 30, 2021

(₹ in millions)

Sr No	Type of Restructuring		Under CDR Mechanism				Under SME Debt restructuring Mechanism				Others				Total			
	Asset Classification		Standard	Sub Standard	Doubtful	Total	Standard	Sub Standard	Doubtful	Total	Standard	Sub Standard	Doubtful	Total	Standard	Sub Standard	Doubtful	Total
1	Restructured Accounts as on April 1, 2021	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the period	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the period	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which ceases to attract higher provisioning and/or additional risk weight at the end of the period and hence need not be shown as restructured standard advances at the beginning of the period	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	period	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the period	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on June 30, 2021	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Particulars of Accounts Restructured (other than under Covid -19 and MSME restructuring schemes) during the quarter ended June 30, 2020

(₹ in millions)

Sr No	Type of Restructuring		Under CDR Mechanism				Under SME Debt restructuring Mechanism				Others				Total			
	Asset Classification		Standard	Sub Standard	Doubtful	Total	Standard	Sub Standard	Doubtful	Total	Standard	Sub Standard	Doubtful	Total	Standard	Sub Standard	Doubtful	Total
1	Restructured Accounts as on April 1, 2020	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the period	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the period	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which ceases to attract higher provisioning and/or additional risk weight at the end of the period	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	and hence need not be shown as restructured standard advances at the beginning of the period																	
5	Downgradations of restructured accounts during the period	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the period	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on June 30, 2020	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Particulars of Accounts Restructured (other than under Covid -19 and MSME restructuring schemes) during the year ended March 31, 2021

(₹ in millions)

Sr No	**Type of Restructuring**		**Under CDR Mechanism**				**Under SME Debt restructuring Mechanism**				**Others**				**Total**			
	Asset Classification		Standard	Sub Standard	Doubtful	Total	Standard	Sub Standard	Doubtful	Total	Standard	Sub Standard	Doubtful	Total	Standard	Sub Standard	Doubtful	Total
1	Restructured Accounts as on April 1, 2020	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the period	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	restructured standard category during the period	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which ceases to attract higher provisioning and/or additional risk weight at the end of the period and hence need not be shown as restructured standard advances at the beginning of the period	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the period	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the period	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31, 2021	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

22.3.2.5 The Bank has not restructured any account during the year ended March 31, 2020 and March 31, 2019.

22.3.2.6 Disclosure on Prudential Framework on Resolution of Stressed Assets dated June 07, 2019

The Reserve Bank of India has issued guidelines on Prudential Framework on Resolution of Stressed Assets, dated June 07, 2019. The Bank has not restructured any account under the framework during the quarters ended June 30, 2021 and June 30, 2020 and year ended March 31, 2021 and March 31, 2020.

22.3.3 Divergence in Asset Classification and Provisioning for NPAs

The Bank has been subjected to assessment by the Reserve Bank of India ('RBI') for the position as on March 31, 2020 (covering financial years 2018-19 and 2019-20). The divergence observed by RBI for the reference period in respect of the Bank's asset classification and provisioning under the applicable prudential norms on income recognition, asset classification and provision is below the regulatory threshold requirement for the disclosure and hence the disclosure, under RBI circular No. RBI/2016-17/283 DBR.BP.BC.No.63/21.04.018/2016-17 April 18, 2017 read with circular No. RBI/2018-19/157 DBR.BP.BC.No.32/21.04.018/2018- 19 dated April 1, 2019, are not made in the Restated Financial Statements.

The Bank has not been subjected to assessment by the RBI for the Financial Year 2020-21 and thereon as on the date of this report.

22.3.4 Impact on account of COVID-19 on Advances

22.3.4.1 For the quarter ended June 30, 2021

During the year 2020-21, the first wave of COVID-19 got over and the economy started to pick up. However, before the end of the fiscal, the second wave had already knocked the doors of the country. The second wave turned out to be more devastating, both, in number of cases as well as the damage it caused to the people's lives and business activities. The borrowers who were able to sail out of the wave one, even they were not able to manage the operations easily. Regional lockdowns worsened the situation.

The consequent slowdown during the period led to a decrease in loan originations, the sale of third party products, the use of cards by customers and the efficiency in collection efforts. Various government sponsored schemes as well as the schemes for resolution of stress launched by the Reserve Bank of India are being implemented across the trades to enable the borrowers to survive the stress phase. Moreover, the industrial activities are picking up pace again and will give boost to the economy. The pandemic shall continue to impact the Bank's advance portfolio so long as the COVID-19 is completely eradicated. However, the Bank is also putting in all the efforts to minimize the impact of the pandemic.

22.3.4.2 For the year ended March 31, 2021

Consequent to the outbreak of the COVID-19 pandemic, the Government of India, on March 24, 2020, introduced a strict 21-day lockdown. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations, the sale of third party products, the use of cards by customers and the efficiency in collection efforts. This may lead to a rise in the number of customer defaults and consequently an increase in provisions there against. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Bank's results will depend on ongoing as well as 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 us.

22.3.4.3 For the year ended March 31, 2020

The pandemic due to COVID-19 continues to spread across the globe. This has deaccelerated economic activity and has increased volatility in the financial markets. Many organizations, including the Bank, have introduced various containment measures since it was declared as a pandemic by
the World Health Organization (WHO) on March 11, 2020. The Government of India, on March 24, 2020, introduced a strict 21-day lockdown which
subsequently got increased to 19 days more to contain the community spread of the catastrophic virus. The extent to which the COVID-19 pandemic will affect the Bank's earning capacity will depend upon future developments, which are highly uncertain. 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 installments and/or interest as applicable falling due between March 1, 2020 and May 31, 2020 to the eligible borrowers classified as standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted, the asset classification will remain standstill during the moratorium period. In respect of accounts in default but standard as on the date of the balance sheet and where asset classification benefit has been extended for the moratorium/deferral period in accordance with the guidelines issued by the Reserve Bank of India, provision of 10 per cent of the outstanding of such accounts is/will be created in phased manner i.e. 5% for the quarter ended March 31, 2020 and remaining 5% will be created during the quarter ending June 30, 2020.

The Bank has created general provision of ₹77.00 million for the quarter ended March 31, 2020 in respect to impact due to COVID-19 which is in excess of the provision required as per the RBI guidelines.

The details are as under:

(₹ in millions)

S. No	Particulars	Year ended March 31, 2020
1	Respective amount in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular	5,136.80
2	Respective amount where asset classification benefits is extended	641.00
3	Provisions made during the quarter ended March 31, 2020 in terms of paragraph 5 of the circular	77.00
4	Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6 of the circular.	-
5	Residual provision as on date in terms of paragraph 6 of the circular.	77.00

22.3.5 Disclosure on provision created as per RBI circular on COVID19 Regulatory Package – Asset Classification and Provisioning dated April 17, 2020

(₹ in millions)

S. No	Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020
1	Respective amount in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular*	-	2,278.68*	2,278.68	5,136.80
2	Respective amount where asset classification benefits is extended*	-	1,277.69*	1,277.69	641.00
3	Provisions made in terms of paragraph 5 of the circular	-	132.00	132.00	77.00
4	Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6 of the circular.	-	-	(132.00)	-
5	Residual provision as on date in terms of paragraph 6 of the circular.	-	132.00	-	77.00

*As on May 31, 2020

22.3.6 Provision on Standard Assets

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Provisions towards Standard Assets	39.03	55.00	(10.95)	101.47	25.76

The cumulative provision towards standard assets held by the Bank as at the quarter ended June 30, 2021 amounts to ₹213.85 million (quarter ended June 30, 2020 amounts to ₹240.77 million; year ended March 31, 2021 amounts to ₹174.81 million; year ended March 31, 2020 amounts to ₹185.77 million and year ended March 31, 2019 amounts to ₹84.30 million).

The general provision against standard assets as on June 30, 2021 includes provision of ₹92.41 million (nil as on June 30, 2020 and ₹53.37 million as on March 31, 2021) created in accordance with RBI Circular "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances" and "Resolution Framework for COVID-19-related Stress".

The general provision against standard assets as on June 30, 2020 includes provision of ₹132.00 million (nil as on June 30, 2021 and March 31, 2021; ₹77.00 million as on March 31, 2020) created in accordance with RBI Circular 'COVID19 Regulatory Package - Asset Classification and Provisioning' and 'COVID-19 – Regulatory Package'.

22.3.7 Refund/ adjust 'interest on interest' to borrowers

The Reserve Bank of India, vide its notification dated April 07, 2021, has advised the banks to refund/adjust 'interest on interest' to borrowers. The methodology for calculation of such interest on interest has been circulated by the Indian Banks' Association on April 19, 2021.

As on June 30, 2021, the Bank has created a liability of ₹16.27 million (₹14.30 million as on March 31, 2021) towards interest relief and reduced the same from the interest income.

22.3.8 Technical Write –Offs

There were nil technical write-offs during the quarters ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.3.9 Sale of Financial Asset under Securitization/Asset Reconstruction

The Bank has not sold any financial asset to Securitization/ Reconstruction Company for Asset Reconstruction during the quarters ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.3.10 Sale/Purchase of Non-performing financial assets

The Bank has not purchased/sold any Non-performing financial assets from/to other banks during the quarters ended June 30, 2021 and June 30, 2020 and during the years ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.4 Business Ratios

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
i. Interest Income as a percentage to Working Funds*	2.08%	2.25%	8.65%	9.24%	9.03%
ii. Non-interest income as a percentage to Working Funds*	0.17%	0.15%	0.78%	0.87%	0.82%
iii. Operating Profit** as a percentage to Working Funds*	0.34%	0.28%	1.21%	1.05%	0.89%
iv. Return on Assets@	0.19%	0.12%	0.69%	0.51%	0.51%
v. Business (Deposits plus advances)# per employee^ (₹ *in million)*	55.78	47.09	54.89	48.42	47.22
vi. Profit per employee (Operating Profit)^ (₹ *in million)*	0.14	0.10	0.44	0.33	0.26

*Working funds have been reckoned as average of total assets as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the period.

**Operating profit is the net profit for the period before provisions and contingencies.
@ Return on Assets is calculated with reference to monthly average working funds (Working funds taken as total of assets excluding accumulated losses, if any).

For the purpose of computation of business per employee business is calculated by adding deposits and advances excluding inter-bank deposits.

^ Productivity ratios are based on average number of employees.

Note-

Ratios/ figures for quarters ended June 2021 and June 2020 are not-annualized.

22.5 Asset Liability Management

Maturity Pattern of certain items of Assets & Liabilities is as under:

(₹ in millions)

	As on	Next day	2-7 days	8-14 days	15 to 30 days	31 days and upto 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Above 5 years	Total
Loans & Advances	June 30, 2021	121.98	39.65	108.86	2,768.56	482.97	524.22	1,380.90	2,657.79	22,354.80	4,074.44	1,907.78	36,421.95
	June 30, 2020	51.02	20.16	53.50	1,966.46	226.13	463.62	1,192.21	2,386.17	20,143.10	3,511.60	1,434.37	31,448.34
	March 31, 2021	110.59	30.69	99.80	5,108.93	429.35	478.11	1,454.34	2,854.42	20,942.20	3,895.96	1,864.47	37,268.86
	March 31, 2020	-	-	-	-	-	5,121.25	1,234.73	2,532.91	19,245.18	3,532.99	1,416.02	33,083.08
	March 31, 2019	4,341.87	41.51	63.59	173.85	311.06	305.04	904.73	1,800.01	14,987.86	2,214.87	846.06	25,990.45
Investment	June 30, 2021	1,732.86	69.61	33.59	194.07	141.18	57.07	175.58	384.27	3,901.07	35.35	5,094.47	11,819.12
	June 30, 2020	4,128.75	49.17	24.75	80.45	134.99	151.58	345.46	704.46	2,987.94	60.25	3,527.20	12,195.00
	March 31, 2021	2,467.42	60.45	38.77	202.62	74.28	76.68	243.86	366.29	3,689.62	51.85	4,850.68	12,122.52
	March 31, 2020	2,632.90	37.52	21.16	71.91	183.56	246.68	356.90	769.66	2,821.63	72.81	3,304.02	10,518.75
	March 31, 2019	324.56	118.12	269.04	98.94	249.28	90.89	654.96	563.74	3,302.19	62.70	2,891.38	8,625.80
Deposits	June 30, 2021	265.19	312.65	187.90	1,072.56	800.43	312.04	990.370	2,118.69	21,646.12	57.17	27,065.91	54,829.03
	June 30, 2020	1,895.40	285.51	137.12	452.12	782.43	876.99	1997.63	3,971.54	17,073.76	229.90	19,166.82	46,869.22
	March 31, 2021	212.10	293.84	116.31	988.12	418.24	344.43	1372.82	2,058.63	20,466.78	59.78	25,879.66	52,210.70
	March 31, 2020	1,713.06	215.69	116.80	413.44	1055.27	1,389.07	2044.79	4,199.65	15,387.89	244.32	17,706.25	44,466.23
	March 31, 2019	1,488.59	110.97	152.35	565.05	1407.62	503.09	1266.72	2,565.06	13,343.87	216.65	15,052.61	36,672.58
Borrowing	June 30, 2021	-	-	135.00	-	451.00	51.00	225.00	610.00	2041.40	120.00	1,791.00	5,424.40
	June 30, 2020	-	-	110.00	-	736.00	626.00	178.00	1,143.30	559.70	94.70	1,283.50	4,731.20
	March 31, 2021	16.00	-	835.00	-	51.00	138.30	653.00	730.00	2,051.70	214.70	1,477.50	6,167.20
	March 31, 2020	-	-	110.00	-	26.00	26.00	678.00	566.00	1,343.70	176.00	1,283.50	4,209.20
	March 31, 2019	-	-	-	-	16.00	16.00	234.30	379.30	1,418.30	141.70	1,378.20	3,583.80
Foreign Currency Assets	June 30, 2021	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2020	-	-	-	-	-	-	-	-	-	-		-
	March 31, 2021	-	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2020	7.28	-	-	-	-	-	-	-	-	-		7.28
	March 31, 2019	-	-	-	-	-	-	-	-	-	-	-	-

Classification of Assets and Liabilities under the maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the Reserve Bank of India.

22.6 Exposures

22.6.1 Exposure to Real Estate Sector

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
1. 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;					
a. Individual Housing Loans eligible for inclusion in Priority Sector advances	2,500.58	1,853.11	2,360.37	1,891.01	1,079.59
b. Others	3,896.30	2,617.61	3,743.61	2,564.98	1,793.40
ii. Commercial Real Estate – Lending secured by mortgages on commercial real estate (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	1,942.13	1,871.96	1,992.51	1,940.90	1,295.75
iii. Investments in Mortgage Backed Securities (MBS) and other securitized exposures –					
a. Residential	-	-	-	-	-
b. Commercial Real Estate	-	-	-	-	-
2. Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	108.34	132.32	113.22	131.22	146.64
Total Exposure to Real Estate Sector	**8,447.35**	**6,475.00**	**8,209.71**	**6,528.11**	**4,315.38**

22.6.2 Exposure to Capital Market

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
i. direct investments 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;	15.40	-	15.40	-	-
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 purpose 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 purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-	-	-	-
v. secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-	-	-	-
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	**15.40**	**-**	**15.40**	**-**	**-**

22.6.3 Risk Category Wise Country Exposure

The Bank is operating in the state of Punjab, Union Territory of Chandigarh, Haryana, Rajasthan and Delhi. Hence, the Bank does not have any country risk exposure.

22.6.4 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the Bank

The Bank has not exceeded the prudential exposure limits for Single Borrower Limit (SBL) and Group Borrower Limit (GBL) during the quarters ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.6.5 Unsecured Advances against Intangible Assets

The Bank has not extended any advance against intangible securities such as charge over the rights, licenses, authority etc. during the quarters ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.6.6 Details of factoring exposure

The factoring exposure of the Bank as at June 30, 2021, June 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019 is Nil.

22.7 Accounting for employee share based payments

22.7.1 Capital Small Finance Bank Limited- Employees Stock Option Plan 2018 (''CSFB ESOP 2018'') was approved by the shareholders of the Bank, in the Annual General Meeting held on August 18, 2018, for granting equity stock options to its employees and directors (other than independent directors) and Capital Small Finance Bank Limited – Employees Stock Option Plan for Material Risk Takers ("CSFB ESOP for MRTs") was approved by the shareholders of the Bank on July 11, 2020, for granting equity stock options to its material risk takers.

22.7.2 The Stock Options will be equity settled.

22.7.3 The accounting for stock options is in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

22.7.4 The Nomination and Remuneration Committee of the Bank is empowered to administrate, implement and superintend the plan. Its powers include determination of eligible employees, determine the parameters for grant of options, vesting conditions, determination of exercise period, among others.

22.7.5 The details of the schemes are as under:

Scheme	Grant	Date of Grant	Vesting	Exercise Period	Exercise Price per option	Method of Settlement
CSFB ESOP 2018	Tranche 1	April 30, 2019	Graded Vesting: April 30, 2020- 25% April 30, 2021- 30% April 30, 2022- 45%	Twelve months from the date of vesting	₹98	Equity
CSFB ESOP for MRTs	Tranche 1	April 30, 2021	Graded Vesting: April 30, 2022- 33.33% April 30, 2023- 33.33% April 30, 2024- 33.33%	Twelve months from the date of vesting	₹10	Equity

22.7.6 Activity in the options outstanding-

Under CSFB ESOP 2018 -

Particulars	**Quarter ended June 30, 2021 (Number of Options)**	**Quarter ended June 30, 2020 (Number of Options)**	**Year ended March 31, 2021 (Number of Options)**	**Year ended March31, 2020 (Number of Options)**
Options outstanding, beginning of period	4,65,511	6,50,496	6,50,496	-
Granted during the period	-	-	-	6,50,496
Exercised during the period	92,286	-	1,03,464	-
Forfeited / Lapsed during the period	37,363	81,521	81,521	-
Options outstanding, end of period	3,35,862	5,68,975	4,65,511	6,50,496
Options exercisable	88,037	1,42,287	38,823	-

Under CSFB ESOP for MRTs-

Particulars	Quarter ended June 30, 2021 (Number of Options)
Options outstanding, beginning of period	-
Granted during the period	19,251
Exercised during the period	-
Forfeited / Lapsed during the period	-
Options outstanding, end of period	19,251
Options exercisable	-

22.7.7 The table below shows the fair value of options and inputs considered for calculating them as per the Black Scholes method-

Particulars	CSFB ESOP 2018 (Tranche 1)	CSFB ESOP for MRTs (Tranche 1)
Date of grant	April 30, 2019	April 30, 2021
Fair Value of option (₹)	132.17	255.04
Risk-free interest rate (%)	6.65%-6.99%	4.13%-5.15%
Expected life (years)	1.50-3.50 years	1.50-3.50 years
Expected volatility (%)	31.53%-33.01%	42.07%-50.86%
Expected dividend rate (%)	0%	0%

22.7.8 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 as indicated below-

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Restated Profit after tax as reported	121.83	68.00	407.84	253.82	194.14
Add: ESOP cost using intrinsic value method (net of tax)	2.43	3.26	16.55	12.07	-
Less: ESOP cost using fair value method (net of tax)	(2.77)	(3.76)	(19.08)	(13.91)	-
Profit after tax (adjusted)	121.49	67.50	405.31	251.98	194.14
Earnings Per Share -					
Basic (₹)*					
- As reported	3.59	2.01	12.04	8.18	6.82
- Adjusted for ESOP using fair value method	3.58	2.00	11.97	8.12	-
Diluted (₹)*					
- As reported	3.57	2.01	11.98	8.16	6.82
- Adjusted for ESOP using fair value method	3.54	1.99	11.85	8.08	-

**not-annualized for quarters ended June 2021 and June 2020*

22.8 Concentration of Deposits, Advances, Exposures and NPAs

22.8.1 Concentration of Deposits

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Total Deposits of twenty largest depositors	2,127.48	3,451.11	1929.32	3,399.37	2,595.82
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	3.88%	7.36%	3.70%	7.64%	7.08%

22.8.2 Concentration of Advances

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Total Advances to twenty largest borrowers	2,656.63	2,649.68	2,738.50	2,680.62	2,416.08
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	5.49%	6.63%	5.70%	6.81%	8.22%

Concentration of advances has been calculated by taking the total credit exposure to the top twenty borrowers identified on the basis of the RBI circular on Exposure Norms.

22.8.3 Concentration of Exposures

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Total Exposure to twenty largest borrowers/customers	2,656.63	2,649.68	2,738.50	2,680.62	2,416.08
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the Bank on Borrowers/ customers	5.49%	6.63%	5.70%	6.81%	8.08%

Concentration of exposures has been calculated by taking the total credit and investment exposure to the top twenty borrowers identified on the basis of the RBI circular on Exposure Norms.

22.8.4 Concentration of NPAs

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Total Exposure to top four NPA accounts	253.79	224.60	213.40	224.60	86.41

22.8.5 Movement of NPAs

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Gross NPAs as on first day of the period	782.43	585.07	585.07	339.56	211.29
Additions (fresh NPAs) during the period	176.16	-	248.53	421.90	278.45
Sub Total (A)	**958.59**	**585.07**	**833.60**	**761.46**	**489.74**
Less:					
i. Upgradations	41.47	0.33	16.53	144.27	116.77
ii. Recoveries(excluding recoveries made from upgraded accounts)	4.69	0.02	34.49	32.06	33.28
iii. Write-offs	-	-	0.15	0.06	0.13
Sub Total (B)	46.16	0.35	51.17	176.39	150.18
Gross NPAs as on last day of the period	**912.43**	**584.72**	**782.43**	**585.07**	**339.56**

22.8.6 Sector-wise Advances

(₹ in millions)

Sr. No.	Sector	Quarter ended June 30, 2021			Quarter ended June 30, 2020		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A)	**Priority Sector**						
1	Agriculture & allied activities	13,576.07	342.94	2.53%	11,463.32	204.29	1.78%
2	Industry (Micro & small, Medium and large)	1,887.59	48.00	2.54%	1,919.25	32.90	1.71%
3	Services	7,278.48	148.34	2.04%	6,336.21	71.63	1.13%
4	Personal Loans	-	-	-	-	-	-
5	Others	2,516.23	9.32	0.37%	1,868.81	4.83	0.26%
	Sub-total (A)	25,258.37	548.60	2.17%	21,587.59	313.65	1.45%
B)	**Non - Priority Sector**						
1	Agriculture & allied activities	-	-	-	-	-	-
2	Industry (Micro & small, Medium and large)	47.41	-	-	135.27	-	-
3	Services	695.77	183.70	26.40%	829.90	200.06	24.11%
4	Personal Loans	146.43	4.44	3.03%	203.14	2.40	1.18%
5	Others	10,660.51	175.69	1.65%	8,876.41	68.60	0.77%
	Sub-Total (B)	11,550.12	363.83	3.15%	10,044.72	271.06	2.70%
	TOTAL (A+B)	**36,808.49**	**912.43**	**2.48%**	**31,632.31**	**584.72**	**1.85%**

Sr. No.	Sector	Year ended March 31, 2021			Year ended March 31, 2020			Year ended March 31, 2019		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A)	**Priority Sector**									
1	Agriculture & allied activities	14,232.11	294.95	2.07%	12,744.44	204.51	1.60%	9,856.36	176.12	1.79%
2	Industry (Micro & small, Medium and large)	1,802.31	49.87	2.77%	1,956.42	32.90	1.68%	1,739.90	3.44	0.20%
3	Services	7,383.43	140.49	1.90%	6,411.00	71.40	1.11%	5,520.49	90.96	1.65%
4	Personal Loans	-	-	-	-	-	-	-	-	-
5	Others	2,374.62	6.68	0.28%	1,907.65	4.85	0.25%	1,097.28	0.61	0.06%
	Sub-total (A)	25,792.47	491.99	1.91%	23,019.51	313.66	1.36%	18,214.03	271.13	1.49%
B)	**Non - Priority Sector**									
1	Agriculture & allied activities	-	-	-	-	-	-	-	-	-
2	Industry (Micro & small, Medium and large)	57.35	-	-	114.21	-	-	-	-	-
3	Services	926.82	184.20	19.87%	951.26	200.06	21.03%	966.62	-	-
4	Personal Loans	162.46	4.07	2.51%	216.67	2.51	1.16%	210.26	2.10	1.00%
5	Others	10,690.77	102.17	0.96%	8,954.01	68.84	0.77%	6,696.90	66.33	0.99%
	Sub-Total (B)	11,837.40	290.44	2.45%	10,236.15	271.41	2.65%	7,873.78	68.43	0.87%
	TOTAL (A+B)	**37,629.87**	**782.43**	**2.08%**	**33,255.66**	**585.07**	**1.76%**	**26,087.81**	**339.56**	**1.30%**

22.8.7 Details of Priority Sector Lending Certificates (PSLC)-

(₹ in millions)

Type of PSLC	Quarter ended June 30, 2021		Quarter ended June 30, 2020	
	PSLC bought during the period	PSLC sold during the period	PSLC bought during the period	PSLC sold during the period
Agriculture	-	3,750.00	-	4,000.00
Small and Marginal Farmers	1,250.00	-	500.00	-
Micro enterprises	-	-	-	-
General	-	-	500.00	-
Total	**1,250.00**	**3,750.00**	**1,000.00**	**4,000.00**

(₹ in millions)

Type of PSLC	Year ended March 31, 2021		Year ended March 31, 2020		Year ended March 31, 2019	
	PSLC bought during the period	PSLC sold during the period	PSLC bought during the period	PSLC sold during the period	PSLC bought during the period	PSLC sold during the period
Agriculture	-	6,650.00	-	5,200.00	-	2,500.00
Small and Marginal Farmers	1,650.00	-	700.00	-	-	-
Micro enterprises	-	-	-	-	-	-
General	500.00	-	-	-	300.00	1,000.00
Total	**2,150.00**	**6,6,50.00**	**700.00**	**5,200.00**	**300.00**	**3,500.00**

22.8.8 Overseas Assets, NPAs and Revenue

The Bank does not hold any overseas asset/NPA as at June 30, 2021, June 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019. No overseas operations were undertaken during the quarters ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019, hence revenue from overseas operations is Nil.

22.8.9 Off Balance Sheet SPVs sponsored

The Bank does not hold any sponsored off balance sheet SPVs during the quarters ended June 30, 2021 and June 30, 2020 and during the years ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.9 Bancassurance Business

(₹ in millions)

Income from	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
1. Life insurance	13.32	7.01	53.80	52.81	42.29
2. General Insurance	5.34	4.49	22.02	20.09	14.98

22.10 Provisions and Contingencies

The break-up of the provisions and contingencies included in profit and loss account is given hereunder:

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Provisions towards Taxes	39.69	21.42	129.53	92.00	75.10
Provisions towards Standard Assets	39.03	55.00	(10.95)	101.47	25.76
Provision towards Non-performing Advances	25.53	11.40	188.44	75.22	40.38
Depreciation on Investments	(0.24)	-	0.24	(0.06)	7.39
Total	**104.01**	**87.82**	**307.26**	**268.63**	**148.63**

22.11 Staff Retirement Benefits

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for the **gratuity benefit** of the Bank is as below:

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Defined benefit obligation liability					
Opening Obligations	64.52	53.11	53.11	40.53	32.48
Service Cost	2.41	2.28	9.88	8.77	6.71
Interest Cost	1.11	0.91	3.65	3.11	2.55
Actuarial (Gain)/Loss	(1.81)	(0.57)	(0.82)	3.12	(0.19)
Liabilities extinguished on settlement	-	-	-	-	-
Benefits Paid	(1.03)	(0.38)	(1.30)	(2.42)	(1.02)
Obligations at last date of the period	65.20	55.35	64.52	53.11	40.53
Plan Assets at fair value					
Opening Plan Assets, at fair value	64.80	54.28	54.28	40.74	32.73
Expected return on plan assets	1.11	0.98	3.93	2.99	2.62
Actuarial Gain/(Loss)	(0.05)	1.99	2.99	1.11	0.00
Assets distributed on settlement					
Contributions	-	-	4.90	11.86	6.40
Benefits Paid	(1.03)	(0.38)	(1.30)	(2.42)	(1.01)
Plan Assets at fair value at last date of the period	-	-	-	-	-
Fair Value of Plan Assets at the end of the period	64.83	56.87	64.80	54.28	40.73
Present Value of the defined benefit obligation at the end of the period	65.20	55.36	64.52	53.11	40.53
Asset/(Liability) at last date of the period	(0.37)	1.52	0.28	1.17	0.20
Experience adjustments on Plan Liabilities	0.86	1.04	(1.82)	(2.48)	1.10
Experience adjustments on Plan Assets	(0.05)	1.99	2.99	1.11	(0.20)
Cost for the period					
Service Cost	2.42	2.28	9.88	8.77	6.71
Interest Cost	1.11	0.91	3.65	3.11	2.55
Expected Return on Plan Assets	(1.12)	(0.98)	(3.94)	(2.99)	(2.62)
Actuarial (Gain)/Loss	(1.76)	(2.56)	(3.81)	2.01	(0.20)
Net Cost	0.65	(0.35)	5.78	10.90	6.44
Investment details of Plan Assets					
Plan assets are invested in insurer managed funds.					
Assumptions					
Interest Rate	7.00%	6.57%	6.90%	6.87%	7.68%
Salary escalation rate	5.00%	5.00%	5.00%	5.25%	6.00%
Estimated rate of return on plan assets	6.80%	7.00%	6.90%	7.25%	7.75%

The actuarial liability of compensated absences of **accumulated earned and sick leaves** of the employees of the Bank is as below:

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Earned Leaves	40.04	32.58	31.15	35.04	24.51
Sick Leaves	9.61	7.81	8.82	8.88	6.82
Total Actuarial Liability	**49.65**	**40.39**	**39.97**	**43.92**	**31.33**
Assumptions					
Interest Rate	7.00%	6.57%	6.90%	6.87%	7.68%
Salary Escalation Rate	5.00%	5.00%	5.00%	5.25%	6.00%

The estimate of salary growth rate takes into account of inflation, market dynamics, seniority, promotion and other relevant factors on long-term basis.

22.12 Miscellaneous

22.12.1 Amount of Provisions made for Income tax during the period

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Income Tax	54.43	36.62	127.68	112.95	85.07
Deferred Tax	(14.74)	(15.20)	1.85	(20.95)	(9.97)

22.12.2 Disclosure of Penalties Imposed by the RBI

There has been no penalty imposed by the RBI during the quarters ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.13 Segment Reporting

Segment details in compliance with AS-17 and pursuant to the Reserve Bank of India guidelines, are as under:

(₹ in millions)

Business Segments	**Treasury**		**Corporate/ Wholesale Banking**		**Retail Banking**		**Other Banking Operations**		**Total**	
Particulars	Quarter ended June 2021	Quarter ended June 2020	Quarter ended June 2021	Quarter ended June 2020	Quarter ended June 2021	Quarter ended June 2020	Quarter ended June 2021	Quarter ended June 2020	Quarter ended June 2021	Quarter ended June 2020
Revenue	383.13	363.66	105.92	96.70	958.61	847.21	26.28	17.58	1,473.95	1,325.15
Result	11.30	41.28	3.63	5.04	259.50	150.87	22.19	14.17	296.62	211.36
Unallocated Expenses									135.10	121.94
Operating Profit									161.52	89.42
Income Taxes									39.69	21.42
Extraordinary profit/Loss	-	-	-	-	-	-	-	-	-	-
Net Profit									121.83	68.00
Other Information :										
Segment Assets	24,454.62	20,869.60	3,759.49	3,669.92	37,126.36	31,437.00	15.35	9.10	65,355.82	55,985.62
Unallocated Assets									302.68	302.06
Total Assets									65,658.49	56,287.68
Segment Liabilities	-	823.83	1,796.44	2,683.79	56,910.49	46,930.91	-	-	58,706.93	50,438.53
Unallocated Liabilities									2,309.53	1,709.00
Total Liabilities									61,016.46	52,147.53

(₹ in millions)

Business Segments	Treasury			Corporate/ Wholesale Banking			Retail Banking			Other Banking Operations			Total		
Particulars	Year ended March 2021	Year ended March 2020	Year ended March 2019	Year ended March 2021	Year ended March 2020	Year ended March 2019	Year ended March 2021	Year ended March 2020	Year ended March 2019	Year ended March 2021	Year ended March 2020	Year ended March 2019	Year ended March 2021	Year ended March 2020	Year ended March 2019
Revenue	1,474.07	1,331.85	1,078.17	402.27	386.19	256.77	3,595.63	3,178.10	2,345.06	101.00	114.76	95.98	5,572.97	5,010.90	3,775.98
Result	132.20	269.30	206.04	18.30	4.50	24.81	837.92	465.43	394.82	86.56	102.26	82.99	1,074.98	841.49	708.66
Unallocated Expenses													537.61	495.66	439.42
Operating Profit													537.37	345.82	269.24
Income Taxes													129.53	92.00	75.10
Extraordinary profit/Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit													407.84	253.82	194.14
Other Information :															
Segment Assets	22,747.46	16,848.30	13,801.37	3,941.08	3,796.55	2,912.08	36,574.87	32,337.71	26,179.04	15.92	15.68	14.56	63,279.33	52,998.24	42,907.05
Unallocated Assets													433.06	300.53	304.99
Total Assets													63,712.38	53,298.77	43,212.04
Segment Liabilities	-	813.45	-	1,331.65	3,293.96	2,634.33	55,819.94	43,415.09	36,207.37	-	-	-	57,151.59	47,522.50	38,841.70
Unallocated Liabilities													2,052.89	1,708.47	1,867.12
Total Liabilities													59,204.48	49,230.97	40,708.82

Note:

i. The Bank is operating in Domestic Segment so there is only one geographic segment.

ii. Inter Segment transactions are based on transfer pricing as determined by the management consent.

22.14 Related Party Disclosure

i. Related parties as per Accounting Standard 18

Key Management Personnel:

a. Mr. Sarvjit Singh Samra - Managing Director & Chief Executive Officer
b. Mr. Munish Jain - Chief Financial Officer & Chief Operating Officer
c. Mr. Amit Sharma - Company Secretary (with effect from May 17, 2019)
d. Mr. Sahil Vijay - Company Secretary (till May 17, 2019)

Relatives of Key Management Personnel:

a. **Mr. Sarvjit Singh Samra:** Mr. Amarjit Singh Samra, Mr. Amardeep Samra, Mrs. Surinder Kaur Samra, Mrs. Navneet Kaur Samra, Mrs. Amarpreet Kaur Hayer, Mr. Shahbaz Singh Samra, Mr. Sangram Singh Samra and Sarvjit Singh Samra HUF.
b. **Mr. Munish Jain:** Mr. Kimti Lal Jain, Mr. Vishal Jain, Mrs. Usha Jain, Mrs. Ruchi Jain, Mrs. Ritu Jain, Mr. Aagam Jain, Mr. Gaurish Jain and Munish Jain HUF.
c. **Mr. Amit Sharma:** Mr. Mangal Chand Sharma, Mrs. Bimla Sharma, Mrs. Gitika Sharma, Mr. Kunal Sharma, Miss Amayra Sharma, Mrs. Poonam Sharma, Mrs. Seema Sharma, Mr. Ajay Sharma and Mrs. Sheetal Sharma.
d. **Mr. Sahil Vijay:** Mr. Vijay Kumar, Mrs. Kusum Talwar, Mrs. Deepika Sharma and Mr. Aviral Vijay

Associates/ Joint Ventures/ Others:

a. Capital Foundation Trust

ii. **The balances payable to/receivable from the related parties of the Bank are given below:**

(₹ in millions)

Items/ Related Party	As on	Parent	Subsidiary	Associates/ Joint Ventures/ Others	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings	June 30, 2021	-	-	-	4.00	15.70	19.70
	June 30, 2020	-	-	-	1.00	12.70	13.70
	March 31,2021	-	-	-	1.00	14.70	15.70
	March 31, 2020	-	-	-	1.00	12.70	13.70
	March 31, 2019	-	-	-	1.40	10.70	12.10
Deposits	June 30, 2021	-	-	4.58	7.79	57.14	69.51
	June 30, 2020	-	-	1.23	7.33	23.63	32.19
	March 31, 2021	-	-	3.55	11.25	31.77	46.56
	March 31, 2020	-	-	1.88	5.55	30.31	37.74
	March 31, 2019	-	-	0.50	4.07	41.34	45.91
Placement of Deposits	June 30, 2021	-	-	-	-	-	-
	June 30, 2020	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	-	-	-	--
Advances	June 30, 2021	-	-	-	2.20	-	2.20
	June 30, 2020	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
	March 31, 2020	-	-	-	0.09	-	0.09
	March 31, 2019	-	-	-	3.21	-	3.21

Investments	June 30, 2021	-	-	-	-	-	-
	June 30, 2020	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	-	-	-	-
Non funded commitments	June 30, 2021	-	-	-	-	-	-
	June 30, 2020	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	-	-	-	-
Leasing/ HP arrangements availed	June 30, 2021	-	-	-	-	-	-
	June 30, 2020	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	-	-	-	-
Leasing/ HP arrangements provided	June 30, 2021	-	-	-	-	-	-
	June 30, 2020	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	-	-	-	-

iii. The maximum balances payable to/receivable from the related parties of the Bank during the period are given below:

(₹ in millions)

Items/ Related Party	Period ended	Parent	Subsidiary	Associates/ Joint Ventures/ Others	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings	June 30, 2021	-	-	-	4.00	19.70	23.70
	June 30, 2020	-	-	-	1.00	12.70	13.70
	March 31, 2021	-	-	-	1.00	14.70	15.70
	March 31, 2020	-	-	-	1.50	15.10	16.60
	March 31, 2019	-	-	-	1.40	10.70	12.10
Deposits	June 30, 2021	-	-	7.10	19.16	63.94	90.20
	June 30, 2020	-	-	1.88	8.46	26.35	36.68
	March 31, 2021	-	-	4.05	24.56	71.59	100.19
	March 31, 2020	-	-	4.56	65.09	123.13	192.78
	March 31, 2019	-	-	0.50	88.50	101.92	190.92
Placement of Deposits	June 30, 2021	-	-	-	-	-	-
	June 30, 2020	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	-	-	-	-

Advances	June 30, 2021	-	-	-	2.22	-	2.22
	June 30, 2020	-	-	-	-	-	-
	March 31, 2021	-	-	-	0.07	0.15	0.22
	March 31, 2020	-	-	-	4.35	0.11	4.46
	March 31, 2019	-	-	-	4.03	-	4.03
Investments	June 30, 2021	-	-	-	-	-	-
	June 30, 2020	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	-	-	-	-
Non funded commitments	June 30, 2021	-	-	-	-	-	-
	June 30, 2020	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	-	-	-	-
Leasing / HP arrangements availed	June 30, 2021	-	-	-	-	-	-
	June 30, 2020	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	-	-	-	-
Leasing / HP arrangements provided	June 30, 2021	-	-	-	-	-	-
	June 30, 2020	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	-	-	-	-

iii. **The details of transactions of the Bank with its related parties during the period are given below:**

(₹ in millions)

Items/ Related Party	Period ended	Parent	Subsidiary	Associates/ Joint Ventures/ Others	Key Management Personnel	Relatives of Key Management Personnel	Total
Purchase of fixed assets	June 30, 2021	-	-	-	-	-	-
	June 30, 2020	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	-	-	-	-
Sale of fixed assets	June 30, 2021	-	-	-	-	-	-
	June 30, 2020	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	-	-	-	-

Interest paid	June 30, 2021	-	-	0.02	0.16	0.79	0.97
	June 30, 2020	-	-	0.01	0.14	0.74	0.89
	March 31, 2021	-	-	0.06	0.71	3.90	4.67
	March 31, 2020	-	-	0.06	0.77	3.58	4.41
	March 31, 2019	-	-	-	0.83	3.03	3.86
Interest received	June 30, 2021	-	-	-	0.03	-	0.03
	June 30, 2020	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	0	0
	March 31, 2020	-	-	-	0.06	0	0.06
	March 31, 2019	-	-	-	0.19	-	0.19
Receiving of Services (Leasing)	June 30, 2021	-	-	-	1.12	3.92	5.04
	June 30, 2020	-	-	-	1.18	4.13	5.31
	March 31, 2021	-	-	-	4.53	15.85	20.38
	March 31, 2020	-	-	-	4.48	15.75	20.23
	March 31, 2019	-	-	-	4.23	16.07	20.30
Receiving of Services (Salary)	June 30, 2021	-	-	-	9.14	0.68	9.82
	June 30, 2020	-	-	-	5.67	0.46	6.13
	March 31, 2021	-	-	-	25.24	1.70	26.94
	March 31, 2020	-	-	-	25.67	1.27	26.94
	March 31, 2019	-	-	-	16.11	-	16.11
Management Contracts	June 30, 2021	-	-	-	-	-	-
	June 30, 2020	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	-	-
	March 31, 2020	-	-	-	-	-	-
	March 31, 2019	-	-	-	-	-	-
CSR Expense/ Contribution	June 30, 2021	-	-	1.93	-	-	1.93
	June 30, 2020	-	-	1.50	-	-	1.50
	March 31, 2021	-	-	6.15	-	-	6.15
	March 31, 2020	-	-	5.25	-	-	5.25
	March 31, 2019	-	-	0.50	-	-	0.50

For a person being a KMP for the current year or part thereof, the consideration paid during the complete financial year has been disclosed.

22.15 Leases

Operating Leases

The Bank has commitments under long term non-cancellable operating leases primarily for premises. The terms of renewal and escalation clauses are those normally prevalent in the agreements of similar nature. Following is a summary of future minimum lease rental commitments for such non-cancellable operating leases.

(₹ in millions)

Particulars	**Quarter ended June 30, 2021**	**Quarter ended June 30, 2020**	**Year ended March 31, 2021**	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Not later than one year	12.77	16.53	13.91	15.49	8.30
Later than one year and not later than five years	25.00	24.04	31.00	24.86	24.52
Later than five years	32.27	28.74	38.65	29.78	33.74
Total Minimum lease rental commitments	70.04	69.31	83.56	70.13	66.56

Total lease rental expenditure under cancellable and non-cancellable operating leases debited to Profit & Loss Account during the quarter ended June 30, 2021 is ₹41.84 million (during quarter ended June 30, 2020 is ₹44.80 million and during the year ended March 31, 2021 is ₹168.29 million and year ended March 31, 2020 is ₹169.40 million and year ended March 31, 2019 is ₹142 million).

Finance Lease

The Bank has not taken any asset under finance lease during the quarters ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.16 Earnings Per Share

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Net profit after tax available for equity shares *(₹ in millions)*	121.83	68.00	407.84	253.82	194.14
Weighted average number of equity shares	33,922,273	33,807,217	33,861,909	31,046,437	28,480,743
Weighted average number of equity shares for diluted earnings	34,117,184	33,903,525	34,041,782	31,116,679	28,480,743
Basic Earnings per share (₹)	3.59*	2.01*	12.04	8.18	6.82
Diluted Earnings per share (₹)	3.57*	2.01*	11.98	8.16	6.82
Face Value per share (₹)	10	10	10	10	10

**not-annualized*

22.17 Deferred Tax Asset

Other Assets include deferred tax asset of an amount equal to ₹52.38 million (quarter ended June 30, 2020 is ₹54.68 million) and for the year ended March 31, 2021 is equal to ₹37.64 million and for March 31, 2020 is ₹39.48 million and for March 31, 2019 is ₹18.53 million as detailed below:

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Deferred Tax Assets	**67.27**	**72.28**	**54.92**	**58.80**	**42.26**
Loan Loss Provisions	53.82	60.60	44.00	46.75	29.46
Others	13.45	11.68	10.92	12.05	12.80
Deferred Tax Liabilities	**14.89**	**17.60**	**17.28**	**19.32**	**23.73**
Depreciation on Fixed Assets	10.27	14.72	12.66	16.44	20.12
Special Reserve under section 36(i)(viii)	4.62	2.88	4.62	2.88	3.61
Deferred Tax Assets/ (Liabilities) (Net)	**52.38**	**54.68**	**37.64**	**39.48**	**18.53**

22.18 Provision Coverage Ratio

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Ratio of Provisioning to Gross Non Performing Assets	42.36%	31.46%	46.14%	29.50%	28.67%

22.19 Disclosure of Complaints

22.19.1 Customer Complaints pertaining to Retail Payment Channels (RTGS/NEFT, Automated Teller Machine (ATM)/ Point of Sale (POS) Transactions/Ecommerce Transactions, BBPS, IMPS, etc.)

S.no.	Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
	Complaints received by bank from its customers					
1	Number of complaints pending at beginning of the period	8	4	4	15	1
2	Number of complaints received during the period*	265	118	762	630	544
3	Number of complaints disposed during the period	265	115	758	641	530
3.1	*Of which, number of complaints rejected by the Bank*	95	30	216	147	128
4	Number of complaints pending at the end of the period	8	7	8	4	15
	Maintainable complaints received by the Bank from the OBOs					
5	Number of maintainable complaints received by the Bank from OBOs	-	-	5	4	-
5.1	*Of 5, number of complaints resolved in favor of the Bank by Bos*	-	-	-	-	-
5.2	*Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by Bos*	-	-	-	1	-
5.3	*Of 5, number of complaints resolved after passing of Awards by BOs against the Bank*	-	-	-	-	-
6	Number of awards unimplemented within the stipulated time (other than those appealed)	-	-	-	-	-

*Out of the above complaints, 252 complaints are related to acquiring banks during the current quarter ending June 30, 2021 (102 for quarter ended June 2020; 722 for year ended March 31, 2021; 600 for year ended March 31, 2020 and 542 for year ended March 31, 2019).

22.19.2 Customer Complaints other than above:

S.no.	Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
	Complaints received by bank from its customers					
1	Number of complaints pending at beginning of the period	3	1	1	6	-
2	Number of complaints received during the period	79	67	291	159	63
3	Number of complaints disposed during the period	75	62	289	164	57
3.1	*Of which, number of complaints rejected by the Bank*	19	18	52	-	33
4	Number of complaints pending at the end of the period	7	6	3	1	6
	Maintainable complaints received by the Bank from the OBOs					
5	Number of maintainable complaints received by the Bank from OBOs	3	5	28	20	6
5.1	*Of 5, number of complaints resolved in favor of the Bank by Bos*	2	4	10	3	5
5.2	*Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by Bos*	-	3	5	9	-
5.3	*Of 5, number of complaints resolved after passing of Awards by BOs against the Bank*	-	-	-	-	-
6	Number of awards unimplemented within the stipulated time (other than those appealed)	-	-	-	-	-

22.19.3 Top 5 grounds of Complaints received by the Bank during the quarter ended June 30, 2021:

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the period	Number of complaints received during the period	% increase/ decrease in the number of complaints received over the previous period	Number of complaints pending at the end of the period	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Ground - 1 Internet/Mobile/Electronic Banking	1	165	292.86%	7	1
Ground - 2 ATM/Debit Cards	6	109	28.24%	2	-
Ground - 3 Loans and Advances	-	13	44.44%	1	-
Ground - 4 Staff Behaviour	-	10	(9.09%)	1	-
Ground - 5 Foreclosure Charges	3	9	12.50%	3	1
Others (Complaints not covered in above top 5 grounds)	1	38	26.67%	1	-
Total	**11**	**344**	**85.95%**	**15**	**2**

Top 5 grounds of Complaints received by the Bank during the quarter ended June 30, 2020:

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the period	Number of complaints received during the period	% increase/ decrease in the number of complaints received over the previous period	Number of complaints pending at the end of the period	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Ground - 1 ATM/Debit Cards	4	85	(32%)	6	-
Ground - 2 Internet/Mobile/Electronic Banking	-	42	600%	-	-
Ground – 3 Staff Behaviour	-	11	-	2	-
Ground - 4 Loans and Advances	-	9	(18.18%)	3	-
Ground - 5 Foreclosure Charges	-	8	100%	-	-
Others (Complaints not covered in above top 5 grounds)	1	30	57.89%	2	-
Total	**5**	**185**	**12.12%**	**13**	**-**

Top 5 grounds of Complaints received by the Bank during the year ended March 31, 2021:

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Ground - 1 ATM/Debit Cards	4	483*	(17.86%)	6	-
Ground - 2 Internet/Mobile/Electronic Banking	-	333*	389.70%	1	-
Ground - 3 Foreclosure Charges	1	43	290.91%	3	3^

Ground - 4 Loans and Advances	-	43	13.16%	-	-
Ground - 5 Staff Behaviour	-	35	600%	-	-
Others (Complaints not covered in above top 5 grounds)	-	116	46.84%	1	1^
Total	**5**	**1053**	**33.46%**	**11**	**4**

* 722 complaints are related to acquiring banks ^Representation raised with OBO office/other bank

Top 5 grounds of Complaints received by the Bank during the year ended March 31, 2020:

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	**2**	**3**	**4**	**5**	**6**
Ground - 1 ATM/Debit Cards	16	588*	6.52%	4	-
Ground - 2 Internet/Mobile/Electronic Banking	2	68*	1600%^	-	-
Ground - 3 Loans and Advances	-	38	442.86%	-	-
Ground - 4 Account opening/Difficulty in operations	-	22	266.67%	-	-
Ground - 5 Foreclosure Charges	1	11	10%	1	-
Others (Complaints not covered in above top 5 grounds)	2	62	195.24%	-	-
Total	**21**	**789**	31.50%	**5**	**-**

* 600 complaints are related to acquiring banks ^ The Mobile Banking app was launched in March 2019

Top 5 grounds of Complaints received by the Bank during the year ended March 31, 2019:

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	**2**	**3**	**4**	**5**	**6**
Ground - 1 ATM/Debit Cards	1	552	85.86%	16	-
Ground - 2 Loans and Advances	-	12	1100%	-	-
Ground - 3 Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	10	400%	1	-
Ground - 4 Account opening/Difficulty in operations	-	9	350%	-	-
Ground - 5 Internet/Mobile/Electronic Banking	-	6	-	2	-
Others (Complaints not covered in above top 5 grounds)	-	18	125%	2	-
Total	**1**	**607**	**95.81%**	**21**	**-**

22.19.4 Awards Passed by the Banking Ombudsman

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
No of Unimplemented Awards at the beginning of the period	-	-	-	-	-
No. of Awards passed by the Banking Ombudsmen during the period	-	-	-	-	-
No. of Awards implemented during the period	-	-	-	-	-
No. of Unimplemented Awards at the end of the period	-	-	-	-	-

22.20 Drawdown from Reserves

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Investment Reserve Account	-	-	0.14	-	0.04
Securities Premium Account	-	-	-	40.38**	-
Revenue & Other Reserves Account*	10.58	-	11.86	-	-

(₹ in millions)

*The drawdown from Revenue and Other Reserves Account is against the ESOPs issued during the period.

** The drawdown from the Securities Premium is against the share issue expenses incurred on the equity capital raised during the year.

22.21 Transfer to Depositor Education and Awareness Fund (DEAF)

The Bank has transferred ₹3.28 million (Previous quarter ₹3.50 million) during the quarter ended June 30, 2021 and ₹8.81 million for the year ended March 31, 2021 and ₹8.45 million for the year ended March 31, 2020 and ₹8.05 million for the year ended March 31, 2019 to the Depositor Education and Awareness Fund (DEAF) as per the details below:

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance of amount transferred to DEAF	41.66	34.03	34.02	25.85	19.71
Add: Amount transferred to DEAF during the period	3.28	3.50	8.81	8.45	8.05
Less: Amounts reimbursed by DEAF towards claims	0.14	-	1.17	0.28	1.91
Closing balance of amounts transferred to DEAF	**44.80**	**37.53**	**41.66**	**34.02**	**25.85**

22.22 Movement in Floating provisions

The Bank has not created or utilized any floating provisions during the quarters ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019. The floating provisions were nil as on June 30, 2021 and June 30, 2020 and on March 31, 2021, March 31, 2020 and March 31, 2019.

22.23 Securitization transactions

The Bank has not done any securitization transactions during the quarters ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.24 Letter of comfort

The Bank has not issued any letter of comfort during the quarters ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.25 Intra group exposure

The Bank has no intra group exposure during the quarters ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.26 Unhedged Foreign currency exposure

The Bank does not have any unhedged foreign currency exposure as on June 30, 2021 and June 30, 2020 and on March 31, 2021, March 31, 2020 and March 31, 2019.

22.27 Dues to Micro, Small and Medium Enterprises

On the basis of information and records available with the management and confirmation sought by the management from suppliers on their registration with the specified authority under MSMED, there have been no reported cases of delay in payments to Micro, Small and Medium Enterprises or of interest payments due to delay in such payments during the quarters ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.28 Unamortized Pension and Gratuity Liabilities

The Bank does not have any unamortized liability against pension and gratuity during the quarters June 30, 2021 and June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.29 Remuneration

22.29.1 Qualitative Information with reference to Whole Time Directors / Managing Director & Chief Executive Officer/Material Risk Takers (MRT)

1. **Nomination and Remuneration Committee**

The Bank has constituted Nomination and Remuneration Committee (NRC) for overseeing and governing the compensation polices of the Bank. The committee oversees the framing, review and implementation of compensation policy of the Bank on behalf of the Board for Managing Director & Chief Executive Officer, Whole Time Directors & Material Risk Takers.

The Board of Directors in the meeting held on May 11, 2021 reconstituted the Nomination and Remuneration Committee. The Committee has four members including two members from Risk Management Committee of the Board. The majority of the members of the committee are independent non-executive Directors consisting of the following Members:

- Mr. Gurpreet Singh Chug, Chairman
- Mr. Sham Singh Bains, Member
- Mr. Gurdeep Singh, Member
- Mr. Rakesh Soni, Member

2. **Philosophy and Key Objectives**

The Compensation Policy ("the Policy") of the Bank aims at the Bank's philosophy to recruit, motivate, reward and retain employees who believe in, and live by, our culture and values. The Bank endeavors to encourage entrepreneurship by creating a working environment that motivates high performance so that all employees can positively contribute to the strategy, vision, goals and values of the Bank. The key objectives of the Policy are:

- To support the organization's strategy by helping to build a competitive, high performance and innovative company with an entrepreneurial culture that attracts, retains, motivates and rewards high-performing employees;
- To promote the achievement of strategic objectives within the company's risk appetite;
- To promote / support positive outcomes across the economic and social context in which the company operates and
- To promote an ethical culture and responsible corporate citizenship.
- To ensure that the remuneration of "MD & CEO", "Whole Time Directors" & Material Risk Takers is fair and reasonable in the context of overall Bank's remuneration.
- Adherence to principles of good corporate governance, as depicted in "best practice" and regulatory frameworks
- Make a clear distinction between levels of accountability and pay package.

3. **Fixed Pay**

The fixed pay is the base element of the remuneration that reflects the employee's role or position in the Bank and is payable for doing the expected job, including but not limited to basic salary, statutory bonus, allowances, perquisites, profit in lieu of salary and any other component paid, measured on the cost to company basis. Guaranteed remuneration is paid on monthly basis and is normally benchmarked against the financial services market and is aligned to the expected operational performance.

4. **Variable Pay**

The variable pay is the reward element of the remuneration, focused to create a performance culture in the Bank, is payable as a reward to individuals or teams for achieving strong results in terms of pre-determined goals. The variable remuneration of an employee(s) can be short term or long term depending upon the category of the employee(s): (1) Short Term Variable Remuneration is paid on not greater than yearly frequency on the basis of performance based scorecard or individual employee rating; or/and (2) Long Term Variable Remuneration is paid on more than annual frequency on the basis of longevity and long-term performance of the employee in the form of ESOPs only (including Cash Linked Stock Appreciation Rights).

- The variable pay should be at least 50% but not more than:
  - 75% of the fixed pay in case of Managing Director and CEO and Whole Time Director;
  - 60% of the fixed pay for executive overseeing one business line and 70% of the fixed pay for executive overseeing more than one business line in case of other MRTs.
- Out of above, 50% of the variable pay should be via non cash instruments. In case, any the executive, is barred by statute or regulation from grant of Share-linked Instruments, the whole amount can be paid via cash.

- Within the said range and as per the above ceiling, the NRC decides the short term variable pay %age for the Period keeping in the view the various factors including but not limited to present and prospective capital position, market dynamics and risk position of the Bank.
- The variable pay is linked with the performance of the executive and performance of the Bank during the period and accordingly the performance measurement is done basis various key performance indicators including:
  - Individual Rating;
  - Profitability Achievement;
  - Business Growth Achievement;
  - Credit Risk (NPA position, SMA 2 position);
  - Market Risk (LCR, Duration gap Analysis);
  - Solvency Risk (Leverage Ratio, Capital Adequacy Ratio)

- A minimum of 60% of the total variable pay (including at least 50% of the cash component if cash component is ₹2.5 million or more), should be deferred over a period of 3 Periods. Further, in case of various events, the deferred compensation is subject to the malus arrangement.

5. Guaranteed Bonus

The Bank does not allow any guaranteed bonus except bonus payable under the Payment of Bonus Act. Further, the Joining/Signing bonus is permissible in the context of hiring of executive in the form of ESOPs only and be limited to the first Period. Further, the Bank will not grant severance pay other than accrued benefits (gratuity, retiral benefits, etc.) except in case where it is mandatory by any statute.

6. Hedging

The Bank does not provide any facility or funds or permit employees to insure or hedge their compensation structure to offset the risk alignment effects embedded in their compensation arrangement.

22.29.2 Quantitative Information with reference to Whole Time Directors/Managing Director & Chief Executive Officer/Material Risk Takers

S. No.	Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
A	Number of meetings held by the Remuneration Committee during the financial period and remuneration paid to its members.	Number of Meetings: 1 No remuneration is being paid to members except the sitting fees.	Number of Meetings: 1 No remuneration is being paid to members except the sitting fees.	Number of Meetings: 2 No remuneration is being paid to members except the sitting fees.	Number of Meetings: 5 No remuneration is being paid to members except the sitting fees.	Number of Meetings: 6 No remuneration is being paid to members except the sitting fees.
B.1	Number of employees having received a variable remuneration award during the financial period.	-	-	2	1	1
B.2	Number and total amount of sign-on awards made during the financial period.	-	-	-	-	-
B.3	Details of guaranteed bonus, if any, paid as joining / sign on bonus	-	-	-	-	-
B.4	Details of severance pay, in addition to accrued benefits, if any.	-	-	-	-	-
C.1	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Total amount of deferred remuneration as on June 30, 2021 is: ➢ Cash incentive ₹7.18 million; and ➢ No. of options granted- 19,251	-	Total amount of deferred remuneration as on March 31, 2021 is: ➢ Cash incentive ₹7.18 million; and ➢ No. of options granted 19,251	-	-
C.2	Total amount of deferred remuneration paid out in the financial period.	-	-	-	-	-
D	Breakdown of amount of remuneration awards for the financial period to show fixed and variable, deferred and non-deferred.	➢ Fixed pay ₹6.47 million	➢ Fixed pay ₹5.49 million	➢ Fixed pay ₹23.41 million ➢ Variable pay (cash) ₹12.77 million for FY 2020-21 out of which ₹7.18 million is deferred ➢ Variable pay (ESOPs granted to MRT) 19,251 options out of which 19,251 options are deferred The variable remuneration payable to MD & CEO shall be paid subject to approval from RBI	➢ Fixed pay ₹9.20 million ➢ Variable pay (cash) ₹1.07 million	➢ Fixed pay ₹4.83 million ➢ Variable pay (cash) ₹1.51 million

E.1	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Total amount of deferred remuneration as on June 30, 2021 is: ➢ Cash incentive ₹7.18 million; and ➢ No. of options granted 19,251	-	Total amount of deferred remuneration as on March 31, 2021 is: ➢ Cash incentive ₹7.18 million; and ➢ No. of options granted 19,251	-	-
E.2	Total amount of reductions during the financial period due to ex- post explicit adjustments.	-	-	-	-	-
E.3	Total amount of reductions during the financial period due to ex- post implicit adjustments.	-	-	-	-	-
F	Number of MRTs identified.	2	2	2	Not applicable	Not applicable
G.1	Number of cases where malus has been exercised.	-	-	-	-	-
G.2	Number of cases where clawback has been exercised	-	-	-	-	-
G.3	Number of cases where both malus and clawback have been exercised	-	-	-	-	-
H	The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay	The Bank does not have any WTD other than MD.	The Bank does not have any WTD other than MD.	The Bank does not have any WTD other than MD.	The Bank does not have any WTD other than MD.	The Bank does not have any WTD other than MD.

22.30 Disclosure on remuneration to Non-Executive Directors

Remuneration by way of sitting fees to the Non-Executive Directors for attending meetings of the Board and its committees during the quarter ended June 30, 2021 amounted to ₹0.92 million (₹0.79 million during the quarter ended June 30, 2020 and ₹2.32 million during the year ended March 31, 2021 and ₹2.67 million for the year ended March 31, 2020 and ₹1.17 million for the year ended March 31, 2019.

Further, during the current quarter, the Bank has paid the remuneration amounting to ₹0.30 million (₹0.23 million during the quarter ended June 30, 2020 and ₹1.13 million during the year ended March 31, 2021 and ₹0.68 million for the year ended March 31, 2020) in the form of profit based commission to the Non-Executive Directors other than the Chairperson.

22.31 Credit Default Swaps

The Bank has not entered into any Credit Default Swaps (CDS) during the quarters ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019.

22.32 Corporate Social Responsibility

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Total amount to be spent for the respective financial year	7.70	6.11	6.11	5.25	4.76
Amount spent during the period	1.93	1.50	6.15	5.25	1.30
Remaining amount to be spent for the financial year	5.77	4.61	-	-	3.46

The Bank has formulated a trust in the name of Capital Foundation. The CSR expenses are taken care by the Capital Foundation. The above expenditure of ₹1.93 million (₹1.50 million for the quarter ended June 30, 2020; ₹6.15 million for the year ended March 31, 2021; ₹5.25 million for the year ended March 31, 2020 and ₹0.50 million for the year ended March 31, 2019) has been contributed to the Capital Foundation Trust during the quarter.

22.33 Description of Contingent Liabilities

Particulars	Description
Guarantees given on behalf of constituents in India.	As a part of its commercial banking activities, the Bank issues bank guarantees on behalf of its customers.
Acceptances, endorsements and other obligations.	Includes Letters of credit issued on behalf of the customers that enhances the credit standing of the Bank's customers.
Other items for which Bank is contingently liable.	Includes capital commitments and amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF).

22.34 Investor Education and Protection Fund

There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Bank.

22.35 Other Expenditure

Other expenditure includes amount paid for security & service charges that are exceeding 1% of the total income of the Bank.

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Other Expenditure (Security & Service charges)	18.13	26.69	92.27	89.77	92.35

22.36 Payment to Auditors

(₹ in millions)

Particulars	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Audit Fees	1.00	-	4.00	3.40	1.40
Other Certificate Fees	-	-	0.65	-	-
Out of Pocket Expenses	-	-	0.24	1.48	0.41

22.37 Liquidity Coverage Ratio

Liquidity Coverage Ratio (LCR) is a measure to ensure that a bank has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to survive in a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows estimated for the next 30 calendar days.

As per the RBI directions, the Banks are prescribed to maintain minimum LCR as per the following time frame:

Particulars	By January 1, 2019	From January 1, 2020	From January 1, 2021
Minimum LCR	80%	90%	100%

The table below sets out the average LCR of the Bank for period ended June 2021 and all the four quarters of financial year 2020-21:

(₹ in millions)

	Liquidity Coverage Ratio (LCR)	Quarter Ended June 30, 2020		Quarter Ended Sept 30, 2020		Quarter Ended Dec 31, 2020		Quarter Ended March 31, 2021		Quarter Ended June 30, 2021	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets										
1	**Total High Quality Liquid Assets (HQLA)**		12,943.8		15,033.0		18,700.8		18,254.1		18,377.5
Cash Outflows											
2	**Retail deposits and deposits from small business customers, of which:**										
(i)	Stable deposits	20,727.5	1,036.4	21,559.1	1,078.0	23,453.9	1,172.7	15,624.2	781.2	15,672.6	78 3.6
(ii)	Less stable deposits	17,700.8	1,770.1	18,522.8	1,852.3	23,393.9	2,339.4	2,9705.8	2,970.6	31,756.8	3,175.7
3	**Unsecured wholesale funding, of which:**										
(i)	Operational deposits (all counterparties)	0.1	-	0.1	-	0.1	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	3,591.4	1,290.7	3,074.7	1,329.7	1,735.9	1,232.0	3,323.6	1,444.9	3,144.9	1,311.8
(iii)	Unsecured debt	-	-	-	-	-	-	-	-	-	-
4	**Secured wholesale funding**	1.1	1.1	-	-	15.2	-	19.4	-	3.80	-
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	2,049.9	153.3	2,296.4	179.4	2,430.7	181.8	2,333.1	174.0	2,272.3	161.9
6	**Other contractual funding obligations**	419.0	419.0	513.6	513.6	378.0	378.0	505.5	505.5	504.5	504.5
7	**Other contingent funding**	364.0	11.6	312.7	10.2	336.5	10.9	374.4	12.0	368.4	11.9

	obligations										
8	**Total Cash Outflows**		**4,682.2**		**4,963.2**		**5,314.8**		**5,888.2**		**5,949.5**
Cash Inflows											
9	Secured lending (e.g. reverse repos)	1,484.6	1,088.0	2,711.9	-	5,362.3	-	5,219.8	-	5,678.2	-
10	Inflows from fully performing exposures	273.1	273.1	579.6	439.8	729.3	423.4	699.5	408.4	716.3	425.3
11	Other cash inflows	987.3	881.8	1,098.3	992.7	515.1	410.2	1,451.1	1,345.3	808.3	702.4
12	**Total Cash Inflows**	**2,745.0**	**2,242.9**	**4,389.8**	**1,432.5**	**6,606.7**	**833.6**	**7,370.4**	**1,753.7**	**7,202.8**	**1,127.7**
13	**Total HQLA**		**12,943.8**		**15,033.0**		**18,700.8**		**18,254.1**		**18,377.5**
14	**Total Net Cash Outflows**		**2,439.3**		**3,530.7**		**4,481.1**		**4,134.7**		**4,821.8**
15	**Liquidity Coverage Ratio (%)**		**530.64%**		**425.78%**		**417.32%**		**441.49%**		**381.14%**

The Bank during the quarter ended June 30, 2021 maintained average HQLA of ₹18,377.5 million against the average net cash outflows of ₹4,821.8 million. The entire HQLA was Level 1 HQLA. The average LCR of the Bank for the quarter ended June 30, 2021 was 381.14%, which is well above the regulatory threshold of 100%.

HQLA primarily included government securities in excess of minimum Statutory Liquidity Ratio (SLR), the extent allowed under the Marginal Standing Facility (MSF) and the Facility to Avail Liquidity for LCR (FALLCR). Additionally, cash, balances in excess of cash reserve requirement with RBI.

For the purposes of LCR computation, the Bank has considered all inflows and outflows that may have a quantifiable impact under the liquidity stress scenario.

The average weighted and unweighted amounts have been calculated considering simple average.

The table below sets out the average LCR of the Bank for all the four quarters of financial year 2019-20:

(₹ in millions)

	Liquidity Coverage Ratio (LCR)	Quarter Ended June 30, 2019		Quarter Ended September 30, 2019		Quarter Ended December 31, 2019		Quarter Ended March 31, 2020	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	**Total High Quality Liquid Assets (HQLA)**		9,139.7		9,425.7		10,467.6		10,403.9
Cash Outflows									
2	**Retail deposits and deposits from small business customers, of which:**								
(i)	Stable deposits	8,060.6	403.0	8,262.4	413.1	8,597.4	429.9	8,508.5	425.4
(ii)	Less stable deposits	24,967.9	2,496.8	26,512.8	2,651.3	27,680.9	2,768.1	28,596.5	2,859.7
3	**Unsecured wholesale funding, of which:**	-							
(i)	Operational deposits (all counterparties)	0.10	0.0	1.3	0.30	1.1	0.2	3.6	0.2
(ii)	Non-operational deposits (all counterparties)	3,054.2	694.6	2,702.6	748.7	4,591.5	1,085.9	2,752.4	1,122.5
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	**Secured wholesale funding**		-		-		-		-
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	2,191.8	186.0	1,898.7	152.8	2,103.2	147.8	1,939.5	161.0
6	**Other contractual funding obligations**	305.3	305.3	510.4	510.4	369.4	369.4	665.5	665.5
7	**Other contingent funding obligations**	363.1	11.7	329.0	10.7	323.4	10.5	295.9	9.5
8	**Total Cash Outflows**		4,097.4		4,487.3		4,811.8		5,243.8
Cash Inflows									
9	Secured lending (e.g. reverse repos)	827.2	827.2	370.7	370.7	1,983.3	1,983.3	344.2	344.2
10	Inflows from fully performing exposures	257.8	257.8	287.6	287.6	451.4	451.4	564.6	564.6
11	Other cash inflows	341.7	235.7	424.4	318.4	1,289.1	1,183.2	1,531.1	1,425.4
12	**Total Cash Inflows**	1,426.7	1,320.7	1,082.7	976.7	3,723.8	3,617.9	2,439.9	2,334.2
13	**Total HQLA**		9,139.7		9,425.7		10,467.6		10,403.9
14	**Total Net Cash Outflows**		2,776.8		3,510.6		1,193.9		2,909.6
15	**Liquidity Coverage Ratio (%)**		329.16%		268.49%		870.16%		357.57%

The table below sets out the average LCR of the Bank for all the four quarters of financial year 2018-19:

(₹ in millions)

	Liquidity Coverage Ratio (LCR)	Quarter Ended June 30, 2018		Quarter Ended September 30, 2018		Quarter Ended December 31, 2018		Quarter Ended March 31, 2019	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	**Total High Quality Liquid Assets (HQLA)**		6,812.8		6,884.5		7,437.7		8,272.7
Cash Outflows									
2	**Retail deposits and deposits from small business customers, of which:**								
(i)	Stable deposits	7,101.3	355.1	7,245.3	362.3	7,593.2	379.7	7,782.2	389.1
(ii)	Less stable deposits	19,605.0	1,960.5	20,652.5	2,065.3	22,395.0	2,239.5	23,449.9	2,345.0
3	**Unsecured wholesale funding, of which:**	-							
(i)	Operational deposits (all counterparties)	0.1	-	0.7	0.1	1.0	0.2	0.1	-
(ii)	Non-operational deposits (all counterparties)	1,965.7	344.2	1,526.8	291.4	2,919.2	509.5	2,137.5	530.7
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	**Secured wholesale funding**		-		-		-		-
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	1,932.0	159.6	2,147.3	161.0	2,375.2	161.6	1,908.9	145.7
6	**Other contractual funding obligations**	182.3	182.3	815.9	815.9	339.6	339.6	523.0	523.0
7	**Other contingent funding obligations**	277.2	8.5	333.3	10.6	408.3	13.0	421.2	13.5
8	**Total Cash Outflows**		3,010.2		3,706.6		3,643.1		3,947.0
Cash Inflows									
9	Secured lending (e.g. reverse repos)	796.2	796.2	166.7	166.7	996.5	996.5	170.0	170.0
10	Inflows from fully performing exposures	171.1	171.1	197.3	197.3	228.5	228.5	249.9	249.9
11	Other cash inflows	399.7	157.5	578.2	336.0	593.6	351.4	659.6	508.3
12	**Total Cash Inflows**	1,367.0	1,124.8	942.2	700.0	1,818.5	1,576.4	1,079.5	928.2
13	**Total HQLA**		6,812.8		6,884.5		7,437.7		8,272.7
14	**Total Net Cash Outflows**		1,885.4		3,006.6		2,066.7		3,018.8
15	**Liquidity Coverage Ratio (%)**		361.35%		228.98%		359.88%		274.04%

OTHER FINANCIAL INFORMATION

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

(₹ in million other than percentages number of shares and per share values)

Particulars	Fiscal 2019	Fiscal 2020	Fiscal 2021	Three month period ended June 30, 2020	Three month period ended June 30, 2021
Basic earnings per share (₹)	6.82	8.18	12.04	2.01	3.59*
Diluted earnings per share (₹)	6.82	8.16	11.98	2.01	3.57*
Net Worth (₹ in million)	2,503.22	4,067.80	4,507.90	4,140.15	4,642.03
Return on Net Worth**	7.75%	6.24%	9.05%	1.64%	2.62%*
Number of Equity Shares	2,84,80,743	3,38,07,217	3,39,10,681	33,807,217	3,40,02,967
Net Asset Value per Equity Share***	87.89	120.32	132.93	122.46	136.52
EBITDA#	386.90	499.19	702.29	129.11	202.94

* *Not annualised*

\# *EBITDA stands for earnings before taxes, depreciation and amortization which has been arrived at by adding depreciation and a mortization, provision for taxes (net) and deferred taxes (net) to the net profit for the period/ year. Interest Income and interest expenses are not considered in arriving EBITDA having regards to the nature of Bank's business..*

** *Return on Net Worth (%) = Net profit after tax, as restated / Net worth as restated as at period/year end.*

*** *Net asset value per share= Net worth as restated / Number of equity shares as at period/ year end*

The figures disclosed in this section are derived from the Restated Financial Information.

In accordance with the SEBI ICDR Regulations the audited financial statements of our Bank for the Fiscals ended March 31, 2021, 2020 and March 31, 2019, (collectively, the "**Audited Financial Statements**") are available on our website at https://www.capitalbank.co.in/investor-relations.

Our Bank is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document or recommendation or solicitation to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere. The Audited Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Bank and should not be relied upon or used as a basis for any investment decision. None of our Bank or any of its advisors, nor Managers or the Investor Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

Related Party Transactions

For details of the related party transactions, as per the requirements under applicable Accounting Standards, i.e., AS 18 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, read with the SEBI ICDR Regulations, during the three months ended June 30, 2021, Fiscal 2021, 2020 and 2019, see "*Financial Statements – Note 22.14 – Related Party Disclosure* on page 275.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

To obtain a complete understanding of our Bank, prospective investors should read this section in conjunction with "Risk Factors", "Industry Overview", "Our Business", "Selected Statistical Information", and "Financial Statements" on pages 24, 112, 139, 208 and 295, respectively.

The industry and market data used in this section has been derived from the CRISIL Research Report prepared and released by CRISIL (appointed by our Bank pursuant to an engagement letter dated August 16, 2021) and commissioned by and paid for by us in connection with the Offer. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Research Report and included herein with respect to any particular year refers to such information for the relevant fiscal year.

Our Bank's fiscal year commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information included herein is derived from our Restated Financial Information included in this Draft Red Herring Prospectus.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures and other statistical and operational information are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere. For more details, see "Selected Statistical Information" on page 208. All information regarding cost and yield, which are non-GAAP measures, is based on the average of the opening balance at the start of the relevant fiscal year and the closing balance as at quarter end for all quarters in the relevant fiscal year.

This section also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For details, see "Forward-Looking Statements" on page 23.

Overview

We commenced operations as India's first small finance bank in 2016, and are among the leading SFBs in India in terms of asset quality, cost of funds, retail deposits and CASA deposits for Fiscal 2021. (*Source: CRISIL Research Report*). We have the most diversified portfolio with sizeable book in multiple asset classes as compared to other SFBs with a highest proportion of secured lending of 99% as of Fiscal 2021 among the SFBs. *(Source: CRISIL Research Report).* We have the best asset quality among the SFBs represented by lowest GNPA and NNPA of 2.08% and 1.13% respectively as of Fiscal 2021. Further, we have the highest CASA ratio of 40% in Fiscal 2021 as compared with other SFBs and are amongst the top 10 banks *vis a vis* the private sector banks. *(Source: CRISIL Research Report).* We also have the highest retail deposits per branch of ₹322.50 million as of Fiscal 2021. *(Source: CRISIL Research Report)* and have the lowest cost of funds among the SFBs as of Fiscal 2021. *(Source: CRISIL Research Report).*

We have an experience of over two decades in the banking industry having operated as the largest local area bank prior to our conversion into a small finance bank. *(Source: CRISIL Research Report)* We are one out of the two non-NBFC microfinance entity to receive the SFB license in 2015 *(Source: CRISIL Research Report)*. Our core strategy is to build a robust retail focused banking franchise by enabling access to affordable credit in the states we operate with special emphasis on rural and semi-urban areas. We focus primarily on the middle-income customer segments i.e., customers with an average annual income of ₹0.4 million to ₹5 million. We target to be the primary banker to our customers and endeavour to achieve this objective through a mix of (i) suite of our product offerings; (ii) customer service orientation; (iii) deeply entrenched physical branch network ; and (iv) evolving digital channels of service delivery.

We offer a range of banking products on the asset and liability side. Our asset products primarily include agriculture loans, MSME and trading loans (working capital, machinery loans etc.) and mortgages (housing loans). As of June 30, 2021, our total loan book was ₹ 36,808.49 million which comprised primarily of agriculture loans constituting 36.88%, MSME and trading loans constituting 26.08% and mortgage loans constituting 22.66% of our loan book which accounted for 85.62% of the total loan book as of June 30, 2021. As on June 30, 2021 and March 31, 2021, 99.44% and 99.39% of our loan book was secured with 86.02% and 86.24% of the loans secured by immovable properties. Further, we have strategically focused on building a granular loan book. Since Fiscal 2019, our loans with ticket size of less than ₹ 2.50 million have increased from 54.10% of our total loan book to 62.88% in Fiscal 2021 and stood at 64.77% as on June 30, 2021.

We have a strong deposit franchise with lowest cost of funds as compared to other SFBs for Fiscal 2021. Our background and learnings as a local area bank and our customer-oriented strategy and relationship-based approach has enabled us to garner a higher CASA and retail deposit without increasing the deposit rates as compared to our peers. Despite offering the lowest interest rate for savings account, we have the highest proportion of retail deposits at 98% *vis a vis* other SFBs. Further, we have the lowest concentration risk in terms of deposits. *(Source: CRISIL Research Report).* Our CASA deposits as on June 30, 2021 and March 31, 2021 were ₹ 22,194.46 million and ₹ 20,926.34 million representing a CASA ratio of 40.48% and 40.07%, respectively, which is the highest among the SFBs for Fiscal 2021 resulting in lowest cost of deposits among peers at 5.7%. *(Source: CRISIL Research Report).*

We also generate fee income from products and services such as forex and money transfer, remittances, safe-deposit lockers, distribution of life insurance and general insurance products, and other ancillary services. Our non-interest income has grown at a CAGR of 21% from ₹ 313.07 million in Fiscal 2019 to ₹ 458.58 million in Fiscal 2021.

We operate on a branch-based model. Headquartered in Jalandhar, Punjab, we have over the years expanded our SFB operations strategically in the north Indian states of Punjab, Haryana, Rajasthan and Delhi where we offer our banking services in a contiguous manner. We have the highest branch network in the state of Punjab as compared to any other SFBs and fourth largest when compared with the private sector banks. *(Source: CRISIL Research Report).* As of June 30, 2021, we were present in four States with 159 branches and 161 ATMs with 74% of our branches located in rural and semi-urban areas covering 19 districts and 77.35% of our total customers (both credit and deposit).

We have a high quality asset portfolio which is testament of our strong underwriting skills, credit assessment efficient collections and risk management capabilities. We have the lowest gross and net NPA ratios among SFBs in India, as of March 31, 2021 *(Source: CRISIL Research Report)* and our gross NPA ratio of 2.1% is second best among the private sector banks *(Source: CRISIL Research Report).* We have the lowest write-offs among SFBs and private sector banks on account of large proportion of loan book being secured as well as our stringent risk assessment and credit underwriting *(Source: CRISIL Research Report).* As of June 30, 2021 and March 31, 2021, our gross NPAs were ₹ 912.43 million and ₹ 782.43 million which accounted for 2.48% and 2.08% of our advances, while our net NPAs during the same periods were ₹ 525.89 million and ₹ 421.42 million which accounted for 1.44% and 1.13% of our advances respectively. Further, we have the lowest slippage ratio of 0.8% and the lowest credit cost of 0.30% among the SFBs for Fiscal 2021. *(Source: CRISIL Research Report).* We also ensure that we maintain adequate capital to navigate any external events. We maintain a CRAR of 21.12% (as against the statutory minimum of 15% required by RBI) and have a healthy capital position and balance sheet with a Tier I capital ratio of 14.59% and Tier II capital ratio of 6.53 % while our risk weighted asset stood at ₹ 30,595.85 million as on June 30, 2021.

We have leveraged our technological capabilities to increase the scale of digital interactions and digital transactions with our customers. Our digital transition has helped us to effect a wider outreach to our customers which resulted in 2.87 million digital transactions during Fiscal 2021, increasing from ₹ 1.49 million in Fiscal 2019. Further, the digital transactions share in non-cash transactions increased from 33.84% in Fiscal 2018 to 54.48% in Fiscal 2021 and was approximately 67.95% during the three months ended June 30, 2021.

One of our Promoters (also our Managing Director and Chief Executive Officer), Mr. Sarvjit Singh Samra, is a first-generation entrepreneur with over three decades of experience in the banking and financial services sector. Further, our Board is supported by an experienced and qualified management team which comprises individuals having diverse experience across the banking and financial services sector. Further, all our Key Managerial Personnel, excluding our Company Secretary and Compliance Officer, are associated with us since our days of local area bank. We are also backed by a number of institutional investors and financial institutions including SIDBI, PI Ventures LLP, OIJIF II, Amicus, ICICI Prudential and HDFC Life.

The following table sets forth certain information relating to our operations and financial performance in the period specified:

(In ₹ million)

Particulars	**Fiscal 2019**	**Fiscal 2020**	**Fiscal 2021**	**For the three months ended June 30, 2020**	**For the three months ended June 30, 2021**
Number of Branches	129	150	158	150	159
Gross Advances	26,087.81	33,255.66	37,629.87	31,632.31	36,808.49
Deposits	36,672.58	44,466.23	52,210.70	46,869.22	54,829.03
Total business	**62,760.38**	**77,721.88**	**89,840.57**	**78,501.53**	**91,637.52**

Particulars	Fiscal 2019	Fiscal 2020	Fiscal 2021	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Net interest income	1351.40	1726.23	1986.11	475.25	570.49
Profit after tax	194.14	253.82	407.84	68.00	121.83
Net worth	2,503.22	4,067.80	4,507.90	4,140.15	4,642.03
Key ratios (%)					
CASA(1)	38.39	36.31	40.07	37.21	40.48
Retail deposit (% of total deposits)	94.33	93.00	97.60	94.24	96.86
Secured assets (% of loan book)	98.82	99.07	99.39	99.11	99.44
Interest spread(2)	5.60	5.47	5.58	5.52	5.84
Net interest margin(3)	3.58	3.52	3.40	3.48	3.55
Cost to income ratio(4)	79.41	75.77	70.75	72.10	66.79
Operating expenses as % to total average assets	3.50	3.33	2.96	2.95	2.83
GNPA	1.30	1.76	2.08	1.85	2.48
NNPA	0.93	1.25	1.13	1.27	1.44
CRAR	16.40	19.11	19.80	19.88	21.12
RoAA	0.51	0.52	0.70	0.50	0.76
RoE(5)	8.02	7.72	9.51	6.63	10.65
RoAUM(6)	0.92	0.89	1.23	0.86	1.34

(1) CASA includes outstanding balances of current deposits and saving deposit as at the end of the periods.
(2) Interest spread is yield on advances minus cost of deposits.
(3) Net interest margin is the difference of interest earned and interest expended divided by the average total assets
(4) Cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income
(5) RoE is ratio of profit after tax to average net worth. Average net worth is average of opening and closing balances of Capital plus reserves and surplus
(6) RoAUM is ratio of Profit after tax to average advances. Average advances is average of daily balances of advances

We are also committed to being a responsible 'corporate citizen' and focused on building a sustainable business model by integrating an ESG framework into our core business operations. Please refer to the section "*- Environmental, Social and Governance*" on page 160 for further details.

Significant Factors Affecting Our Financial Condition and Results of Operations

Our financial condition, results of operations and cash flows have been, and are expected to be influenced by numerous factors. The following factors are of particular importance.

Regulatory Developments

We operate in a highly regulated industry and have to adhere to various laws, rules and regulations. Our financial condition, results of operations and continued growth depend on stable government policies and regulation. The banking industry in India is subject to extensive regulation by the Government, RBI and other regulatory bodies. These regulations govern various aspects of our business including loans and advances, investments, deposits, risk management, foreign investment, corporate governance and market conduct, customer protection, foreign exchange management, capital adequacy, margin requirements, know-your-customer and anti-money laundering, and provisioning for NPAs. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented, with an objective to provide tighter control and more transparency in India's banking sector. As an SFB, we are required to comply with such rules and regulations, which affect our business, operations, cash flows, profitability and financial condition.

For instance, as an SFB, we are required to extend 75% of our adjusted net bank credit ("**ANBC**") as at the end of the corresponding quarter of the previous financial year to such sectors which are eligible for classification as priority sector lending by the RBI, such as agriculture, MSMEs, export credit, education, housing, social infrastructure and renewable energy. 40% of our ANBC is required to be allocated to different sub-sectors. SFBs are also required to comply with CRR, SLR and other prudential norms and regulations of the RBI, and maintain a certain amount of minimum capital adequacy on a continuous basis, which is currently 15% of risk-weighted assets.

Any changes in the regulatory environment under which we operate could increase the costs we are required to incur in relation to compliance and credit assessment activities, and could therefore adversely affect our results of operations and financial condition. For a description of the material laws, rules and regulations applicable to us, see "*Key Regulations and Policies*" on page 162.

General economic conditions in India and the impact of COVID-19

Our business is affected by national, regional and local economic conditions, as well as the perception of those conditions and future economic prospects. Our financial condition and results of operations have historically been, and will continue to be, significantly influenced by factors affecting the economy of India, including any downturn in the global economy. Any slowdown in India's economic growth could adversely affect our ability to grow our asset portfolio, the quality of our assets and our ability to implement our strategies. The monetary policy of the RBI is heavily dependent on the condition of the Indian economy, and changes in the monetary policy could affect the interest rates of our advances and borrowings. The RBI responds to fluctuating levels of economic growth, liquidity concerns and inflationary pressures in the economy by adjusting the monetary policy. For a summary of the recent macroeconomic environment in India, see "*Industry Overview*" on page 112.

The World Health Organization (WHO) declared the outbreak of COVID-19 a global pandemic on March 11, 2020. Further, on March 14, 2020, India declared COVID-19 as a "notified disaster" and on March 24, 2020 imposed a nationwide lockdown announced. During the initial phases of the pandemic, progressive relaxations were being granted for movement of goods and people. However, banking services were determined to be operating in an essential industry, which allowed us to continue our operations at majority of our branches during the nationwide lockdown with limited workforce and other safety measures. The COVID-19 pandemic has caused substantial disruption to the global economy and created significant volatility and disruption in financial markets.

In order to address the financial implications of the COVID-19 pandemic, central banks of various countries around the world, including India, have taken monetary, fiscal and administrative measures. The RBI has issued guidelines on March 27, 2020, April 17, 2020 and May 23, 2020 in an effort to contain the impact of the COVID-19 pandemic on the financial services sector. Under these guidelines, all term loans were eligible for moratoriums on instalments and working capital facilities on interest due during a period of six months, *i.e.*, from March 1, 2020 until August 31, 2020 by the RBI, contingent on the lending institutions satisfying themselves that the same was necessitated on account of the economic fallout from COVID-19. Such moratorium period shall be excluded by the lending institutions (including SFBs) for calculating the number of days past-due for the purpose of asset classification under the income recognition and asset classification norms prescribed by the RBI, in respect of all accounts classified as standard as on February 29, 2020. During the first moratorium announced by RBI vide notification dated March 27, 2020, we provided an option to our customers to opt out of the moratorium and 75.83% of our customers representing approximately 83.04% of the loan book have made full/partial repayment during the first moratorium. During the second moratorium announced by RBI vide notification dated May 23, 2020, we provided the opt in basis to our customers and 48.80% of our customers representing approximately 48% of the loan book opted for the second moratorium. Further, out of the customers who availed the second moratorium, 64.85% of the customers representing 69.60% of our loan book have made full/partial re-payment. As part of the restructuring package, 114 clients representing 2.25% of our loan book availed benefits of the first restructuring package announced by RBI vide notification dated August 6, 2020 and 203 customers representing 0.82% of the loan book availed benefits of the second restructuring package announced by RBI vide notification dated May 5, 2021.

We made provision for credit losses amounting to ₹ 535.82 million and ₹ 358.34 million for the Fiscals ended March 31, 2021 and March 31, 2020, respectively. As a percentage of our gross advances for those periods, provisions for credit losses were 1.42% and 1.08% for those periods and the provision for credit losses as percentage of gross advances as on June 30, 2021 stood at 1.63%.

For further details, see "*Our Business – Recent developments and the COVID-19 pandemic*" on page 148.

Our ability to expand into new geographies

We commenced our operations as a small finance bank with effect from April 24, 2016. Our background as India's largest local area bank prior to the conversion helped us in understanding needs of our target customers but restricted our geographical outreach. Post conversion into an SFB, we have been able to expand our operations into new and contiguous geographies which has enabled us to widen our customer base and resulted in improved operational and business metrics.

Over the years, we have expanded our operations strategically in the north Indian states of Punjab, Haryana, Rajasthan and Delhi. We have the highest branch network in the state of Punjab as compared to any other SFBs and fourth largest when compared with the private sector banks in terms of branch network in the state of Punjab. *(Source: CRISIL Research Report)*. As of June 30, 2021, we were present in four States with 159 branches and 161 ATMs with 74% of our branches located in rural and semi-urban areas covering 19 districts and 77.35% of our total customers (both credit and deposit).

We intend on leveraging our strong brand presence in Punjab and expand further in the adjacent states of Haryana, Rajasthan and NCR. Our strategy to scale-up our operations is aimed at developing a deeply entrenched geographical presence which will put us in a position to service a larger market for credit and effectively grow our advances.

Our ability to correctly identify opportunities for geographic expansion, manage these in a cost-efficient manner, and successfully integrate such expansions into our overall network will impact the continued growth of our business. Similarly, in order to grow our product portfolio, we will need to accurately anticipate industry opportunities and customer trends and offer the right products to our target market, while maintaining our credit assessment processes and appropriately analysing the associated risks. While we believe that we have been successful in doing so in the past, our future growth will depend on our ability to continue doing so with a larger and more diverse customer base and product portfolio.

Interest Rate Volatility

Net Interest Income is the most significant contributor to our total income and is the difference between the interest earned on interest-earning assets and the interest expense incurred in connection with interest-bearing liabilities. We generate interest income on interest-earning assets, including advances, interest-earning deposits in other banks and investment securities we own. Net Interest Income is primarily a function of the average balances and yields of our interest-earning assets and interest-bearing liabilities.

Our Net Interest Income is significantly dependent on our average yields for a particular period and cost of funds. Our Net Interest Income for the three months ended June 30, 2021 and June 30, 2020 and the Fiscals ended March 31, 2021, 2020 and 2019, was ₹ 570.49 million, ₹475.25 million, ₹ 1,986.11 million, ₹ 1,726.23 million and ₹ 1,351.40 million respectively which was 83.89%, 85.11%, 81.24%, 80.07% and 81.19% of our net total income. Further as at March 31, 2021, 35.97% of our advances and 99.87% of our investments were on fixed interest rates and 64.03% of our advances were on floating interest rates. As at March 31, 2021, 96.04% of our deposits and 100% of our borrowings were on fixed interest rates.

The level of Net Interest Income is influenced by movements in interest rates and the pace at which such movements occur. The magnitude and timing of interest rate changes in the asset and liability markets as well as the relative gradient of the rate curves, have a significant impact on our Net Interest Margins and our profitability. Movements in short and long-term interest rates affect our interest earned and interest expended. Interest rates are highly sensitive and volatility in interest rates could be a result of many factors, including the RBI's monetary policies, deregulation of the financial services sector in India, domestic and international economic and political conditions, inflation and economic policies in India.

We may also be affected by changes in RBI repo rates, which have an impact on the interest rates charged on interest-earning assets and the interest rates paid on interest-bearing liabilities. Further, changes in interest rates may substantially impact our cost of funding, our business volume and our profit margin. In addition, as there are varying maturity periods applicable to our interest-earning assets and interest-bearing liabilities, a change in interest rates may result in an increase in interest expense relative to interest income leading to a reduction in our Net Interest Income.

Operating Expenses and Productivity Levels

Since the commencement of our operations as a SFB, we have incurred significant expenditure and expect to continue to incur further expenditure on expanding our business operations, which includes setting up of branches, employee costs and expenditure on our technology infrastructure. Post conversion from a local area bank, our branch network has increased more than three times from 47 to 159 as on June 30, 2021. We aim to further expand our business into new geographies, which will require us to incur further operating expenses.. Our operating expenses have a direct bearing on our net profit. Our Cost to Income Ratio has been 66.79%, 72.10%, 70.75%, 75.77%, and 79.41% of our Net Total Income for the three months ended June 30, 2021, June 30, 2020 and for the Fiscals 2021, 2020 and 2019, respectively. Further, our operating expenses represented 2.83% of our total average assets for the three months ended June 30, 2021. Our operating expenses primarily comprise:

- Payments to and provisions for employees, which represented 36.91%, 38.05%, 36.99%, 39.26% and 39. 56% of Net Total Income for the three months ended June 30, 2021, June 30, 2020 and for Fiscals 2021, 2020 and 2019, respectively;

- Rent, taxes and lighting and insurance, which represented 12.24%, 13.98%, 13.47%, 14.25% and 15.49% of Net Total Income for the three months ended June 30, 2021 and June 30, 2020 and for Fiscals 2021, 2020 and 2019, respectively; and

- Depreciation and repairs on Bank's property, which represented 7.99%, 9.42%, 9.26%, 9.53% and 8.55% of Net Total Income for the three months ended June 30, 2021 and June 30, 2020 and for Fiscals 2021, 2020 and 2019, respectively.

The declining trend in operating expenses as a percentage of revenues has largely been a result of our efforts to optimise the operation of our branches, coupled with the adoption of technology and digital platforms to improve efficiency and onboard new customers. We believe that our focus on investing in and actively adopting new technology has led to a decrease in onboarding expenses for new customers.

Our continued ability to control operating costs while increasing our customer base and product portfolio and digitization, accompanied by associated credit and risk assessment analyses, will play a key role in determining our future financial performance and results of operations.

Competition

We are among the leading SFBs in India in terms of asset quality, cost of funds, retail deposits and CASA deposits for Fiscal 2021. We have the fourth largest branch network in the state of Punjab when compared with the private sector banks *(Source: CRISIL Research Report).* We had the second highest growth in deposits from Fiscal 2018 to Fiscal 2021 at 22% as compared with other private sector banks.

We operate in a highly competitive environment and face significant competition from other small finance banks, scheduled commercial banks and NBFCs as well as local moneylenders in rural areas and unorganized, small participants in the market across all our product segments. We seek to compete with these entities through value added services, faster customer service response, quality of service, a growing interconnected branch network, and delivery capabilities based on enhanced technology. Mergers of other banks in the SFB sector may increase competition by creating larger, more homogenous competitors with access to significant pools of capital. Further, technology-based initiatives and alternate modes of banking, including the advent of fintech players, may increase competition in the industry in which we operate.

For further details, see "*Risk Factors - The Indian finance industry is intensely competitive and if we are unable to compete effectively it would adversely affect our business, financial condition, results of operations and cash flows*" and "*Our Business – Competition*" on pages 35 and 159, respectively.

Digital transition and leveraging technology and data analytics

We are constantly investing in our technology platform and intend to strategically invest our resources for leveraging technology for efficient operations as we scale up, since we believe that our use of technology has significantly driven our operations and has improved the experience of our customers. Our digital transition led to 2.87 million digital transactions during Fiscal 2021. Further, the digital transactions share in non-cash transactions increased from 39.68% in Fiscal 2019 to 54.48% in Fiscal 2021 and further to 67.95% during the three months ended June 30, 2021. Our continued investment in digitization will allow digital onboarding of our customers, which in turn will help widen our customer base, and also reduce our operating costs.

In the three months ended June 30, 2021 and in the Fiscals 2021, 2020 and 2019, we invested ₹37.26 million, ₹113.81 million, ₹69.72 million and ₹139.58 million, respectively, in our technology infrastructure. We adopt a 'phygital' approach to our distribution, striving to maintain a strong presence of branches, supported by customised, easy digital banking solutions, which we believe is the way forward in the banking industry. Our focus is to deliver a seamless integrated solution to ensure consistent high-level customer experience across all channels (branch banking, website, internet banking, mobile applications), which will ensure that we scale our operations faster and profitability, while maintaining consistency in services.

We intend to continue investing to augment our technology infrastructure which, while making our operations nimble and efficient, will also allow us to leverage data analytics for targeting specific customer profiles, and develop customized products to suit the diverse requirements of our customers, thereby improving customer satisfaction. However, the success of our digital transformation and its impact on our results of operations are dependent on a number of factors, including its acceptance by our customers, who are primarily based in rural and semi-urban areas, and access to secure telecommunications infrastructure in line with our geographic expansion.

Asset Quality, Non-Performing Assets & Provisioning

Our ability to manage the credit quality of our loans, which we measure in part through NPAs, is a key driver of our results of operations. The asset quality is the outcome of the credit appraisal mechanism and recovery system followed by our Bank. With the growth of our business, our ability to manage the credit quality of our loans will be a key driver to our results of operations, as quality loans help reduce the risk of losses from loan impairment and write-offs.

We are governed by RBI guidelines on Income Recognition, Asset Classification and Provisioning pertaining to advances issued from time to time. Accordingly, the following table illustrates our asset quality ratios:

Particulars	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Quarter ended June 30, 2020	Quarter ended June 30, 2021
Gross NPAs	1.30%	1.76%	2.08%	1.85%	2.48%
Net NPAs	0.93%	1.25%	1.13%	1.27%	1.44%

We believe that the quality of our credit function, resulting in effective credit evaluation measures, as well as our systematic processes such as verification of borrower risk profile, source of repayment, underlying collateral and disbursement and collection processes, effective portfolio monitoring and timely corrective interventions have enabled us to maintain relatively low levels of NPAs. Our ability to reduce or contain the level of our NPAs is also dependent on a number of factors beyond our control, such as increased competition, adverse effect on the business and results of operations of our borrowers, a rise in unemployment, a sharp and sustained rise in interest rate, slow industrial and business growth, changes in customer behaviour and demographic patterns, central and state government decisions (including agricultural loan waivers) and exchange rates and changes in regulations, including with respect to regulations requiring us to lend to certain sectors identified by the RBI. Any increase in the level of final credit losses or an inability to maintain our asset quality may adversely affect our NPA levels and require us to increase our provisions and write-offs.

Provisions for NPAs are created by a charge to our profit and loss account and are currently subject to minimum provisioning requirements, linked to ageing of NPAs. We maintain a provision coverage ratio (provisions held including standard asset provision as % gross NPAs) of 42.36% as on June 30, 2021. The following tables set forth our age-wise NPA provision as on June 30, 2021:

(₹ in million, except percentages)

Particulars	Amount	Provision	Provision Coverage Ratio
Above 5 years	42.88	42.88	100.00%
2-5 years	259.2	156.21	60.27%
1-2 years	235.69	106.82	45.32%
Up to 1 year	374.67	80.63	21.52%
Total	912.43	386.54	42.36%

We may not be able to continue to increase our provision coverage ratio and it may decline in the future. We may also need to make further provisions in the event of dilution/ deterioration in the quality of our security or down-grading of the account or in the event recoveries with respect to such NPAs do not materialize in time or at all. This increase in provisions may adversely impact our financial performance.

Transition to Ind AS and impact on preparation and presentation of our future financial statements

The MCA, in its press release dated January 18, 2016 (the "**MCA Press Release**"), issued a roadmap for implementation of Ind AS for scheduled commercial banks, insurance companies and NBFCs, which are also applicable to our Bank. The MC Press Release required certain institutions to prepare Ind AS financial statements for accounting periods commencing April 1, 2018 (including comparative financial information for the corresponding periods in the previous year). The RBI, pursuant to its circular dated February 11, 2016, required all scheduled commercial banks (except regional rural banks) to comply with Ind AS for accounting periods beginning from April 1, 2018 onwards, with comparatives for periods ending March 31, 2018 or thereafter, and also required such entities to be in preparedness to submit proforma Ind AS financial statements to the RBI from the six months ended September 30, 2016. Further, the RBI on October 13, 2017 advised SFBs to be prepared for implementation of the Ind AS accounting standards and instructed SFBs to submit proforma financial statements under Ind AS on a quarterly basis, in the format prescribed by them. In compliance of such regulatory requirements, we commenced submitting proforma Ind AS financial statements for the quarter ended June 30, 2018. However, the RBI, pursuant to its notification dated March 22, 2019, has deferred the implementation of Ind AS until further notice for all scheduled commercial banks (except regional rural banks). Under applicable regulations, scheduled commercial banks, including our Bank, are not permitted to undertake early adoption of Ind AS. Accordingly, we continue to prepare and present our financial statements under Indian GAAP.

Ind AS differs in many respects from Indian GAAP, and our Restated Financial Information prepared under Indian GAAP will therefore not be comparable to our financial statements prepared under Ind AS for such respective periods. The key areas of difference between Indian GAAP and Ind AS as it applies to our Bank include the methodology for estimating allowances for probable loan losses and for classifying and valuing our investment portfolio and revenue recognition policy. For estimation of probable loan losses, the new accounting standards may require us to calculate the present value of the expected future cash flows realizable from our loans, including the possible liquidation of collateral (discounted at the loan's effective interest rate). This may result in us recognizing allowances for probable loan losses in the future which may be higher or lower than under current Indian GAAP. In addition, given the relatively recent introduction of Ind AS in India, and in particular since under applicable regulations, Ind AS is still not applicable to scheduled commercial banks, there is limited established practice available for drawing informed judgments regarding the implementation and application of Ind AS to the financial statements of scheduled commercial banks, and consequently our Bank. The Ind AS financial information that we may be required to prepare when applicable to us in the future will therefore not be comparable to the Restated Financial Information included in this Draft Red Herring Prospectus.

Therefore, there can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under Ind AS than under Indian GAAP. In our transition to Ind AS reporting, when applicable, we may encounter difficulties in the ongoing process of implementing and enhancing management information systems. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that our adoption of Ind AS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt Ind AS could adversely affect our business and the trading price of the Equity Shares.

Auditors' Qualifications, Reservations and Adverse Remarks

There are no reservations, qualifications or adverse remarks highlighted by the respective auditors in their audit reports on our audited financial statements as at and for the quarters ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, 2020 and 2019.

Emphasis of matter paragraphs included in the auditors' report on the financial statements as at and for the three months periods ended June 30, 2021 and June 30, 2020 and for the year ended March 31, 2021 and March 31, 2020 which does not require any corrective adjustment in the Restated Financial Information, are as follows:

Period	Reservations, Qualifications, Adverse Remarks or Matters of Emphasis
June 30, 2021 and 2020	**Emphasis of Matter** We draw attention to Note 3.4 of the of Schedule 18 to the financial statements, which describes the extent to which the COVID-19 pandemic will continue to impact the Bank's financial statements will depend on future developments, which are uncertain. Our opinion is not modified in respect of this matter.
March 31, 2021	**Emphasis of Matter** We draw attention to Note 3.3 of the of Schedule 18 to the financial statements, which describes the extent to which the COVID-19 pandemic will continue to impact the Bank's financial statements will depend on future developments, which are uncertain. Our opinion is not modified in respect of this matter.
March 31, 2020	**Emphasis of Matter** We draw attention to Schedule 18 (3.1) to the financial statements, which describes that the extent to which the COVID-19 Pandemic will impact the Bank's financial statements will depend on future developments, which are highly uncertain. Considering the circumstances as described in Schedule 18 (3.1) to the financial statements, the Bank has made a provision of ₹ 7.7 crores for the year ended March 31, 2020. Our opinion is not modified in respect of this matter.

Critical Accounting Policies

1 CORPORATE INFORMATION

Capital Small Finance Bank Limited ('**the Bank**'), a banking company incorporated under the Companies Act, 1956, is engaged in providing a wide range of banking and financial services including retail banking, commercial banking and treasury operations. The Bank is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013. The name of the Bank has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Reserve Bank of India ('the RBI' or 'RBI') notification dated February 16, 2017. The Bank operates in India and does not have any branch outside India.

2 BASIS OF PREPARATION

The accompanying interim financial statements have been prepared under the historical cost convention and on accrual basis except where otherwise stated, and in compliance with the generally accepted accounting principles in India ("**Indian GAAP**") and in accordance with statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the RBI from time to time ("**RBI guidelines**"), Accounting Standards referred to in Section 133 of the Companies Act, 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment rules, 2016 to the extent applicable and practices prevailing within the banking industry in India.

These have been prepared in connection with the proposed Initial Public Offer of Equity shares of the Bank for inclusion of the same in restated financial statement as per the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 issued by the Securities and Exchange Board of India.

The financial statements are presented in Indian Rupees rounded off to the nearest thousands unless otherwise stated.

3 USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from estimates and the differences between the actual results and the estimates are recognized prospectively in the period in which the results are known/materialized.

4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

4.1 Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment if any. The cost of an asset comprises its purchase price and any cost directly attributable to bringing the asset to its working condition and location for its intended use. Subsequent expenditure on fixed assets after its purchase is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

4.2 Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Leasehold improvements are amortized over the duration of the primary lease period or useful life whichever is less.

4.3 Intangible assets are amortized on a straight-line basis over their estimated useful life. The amortization period is reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

4.4 The rates of depreciation for key fixed assets, which are not lower than the rates, calculated on the basis of the useful life specified in the Schedule II to the Companies Act, 2013, is as follows:

Asset	Depreciation rate per annum
Computers	33.33%
Mobile Phones	33.33%
Cash Sorting Machines	33.33%
Software and System Development Expenditure	20%

4.5 All other Assets are depreciated on the rates, calculated on the basis of useful life specified in the Schedule II to the Companies Act, 2013, as detailed below:

Asset	Depreciation rate per annum
Office Equipment	6.33%
Furniture & Fixture	9.50%
Motor Car	11.88%
Two Wheeler	9.50%
Cycle	9.50%

4.6 Assets purchased/sold during the period are depreciated on a pro-rata basis.

4.7 An item of fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on de-recognition is recognized in the Profit & Loss account.

4.8 Gains or losses arising from disposal or retirement of tangible fixed assets are measured as the difference between the net disposal proceeds & the carrying amount of the asset and are recognized on net basis, within "Other Income" as Profit/(Loss) on sale of fixed asset, as the case maybe, in the Profit & Loss account in the period of disposal or retirement.

5 IMPAIRMENT OF ASSETS

The carrying amount of assets is reviewed at the Balance Sheet date to determine whether there are any indications of impairment based on internal / external factors. In case of impaired assets, the impairment loss i.e. the amount by which the carrying amount of the asset exceeds its recoverable value is charged to the Profit & Loss account to the extent the carrying amount of assets exceeds its estimated recoverable amount.

6 INVESTMENTS

Classification and valuation of the Bank's investments are carried out in accordance with the RBI guidelines which are as follows:

6.1 Categorization of Investments

The Bank classifies its investment at the time of purchase into one of the following three categories:

- Held to Maturity (HTM) – Securities acquired with the intention to hold till maturity.
- Held for Trading (HFT) – Securities acquired with the intention to trade.
- Available for Sale (AFS) – Securities which do not fall within the above two categories.

6.2 Classification of Investments

For the purpose of disclosure in the Balance Sheet, investments in India are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and/or Joint Ventures and (vi) Other Investments.

Investments outside India are classified under three groups viz., (i) Government Securities (Including local authorities), (ii) Subsidiaries and/or Joint Ventures abroad and (iii) Other Investments.

6.3 Acquisition cost

6.3.1 Brokerage, commission, etc. pertaining to investments, paid at the time of acquisition is charged to the Profit & Loss account.

6.3.2 Cost of investments is computed based on the weighted average cost method.

6.4 Valuation of Investments

6.4.1 Held to Maturity – Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortized over the balance period to maturity. The amortized amount is classified under Interest earned – Income on investments (Item II of Schedule 13). The book value of the security is reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each investment individually.

6.4.2 Held for Trading – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.

6.4.3 Available for Sale – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.

6.4.4 Market value of government securities (excluding treasury bills) is determined on the basis of the prices / Yield To Maturity ("**YTM**") declared by the Primary Dealers Association of India (PDAI) jointly with the Financial Benchmark India Private Limited (FBIL).

6.4.5 Treasury bills are valued at carrying cost, which includes discount amortized over the period to maturity.

6.4.6 Unquoted equity shares are valued at the break-up value, if latest balance sheet is available or at ₹1 as per the RBI guidelines.

6.4.7 Security purchase and sale transactions are recorded under Settlement Date method of accounting.

6.4.8 Provision for non-performing investments is made in conformity with the RBI guidelines.

6.4.9 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 & Loss account to Capital Reserve account.

6.4.10 In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit and Loss account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provisions) is appropriated to an Investment Reserve Account (IRA). The balance in IRA is used to meet provision on account of depreciation in AFS and HFT categories by transferring an equivalent amount to the Profit and Loss Appropriation account as and when required.

6.4.11 Units of the scheme of Mutual Funds are valued at the lower of cost and Net asset value (NAV) provided by the respective schemes of Mutual Funds.

6.4.12 In accordance with the RBI guidelines, repo and reverse repo transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively.

6.4.13 Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

6.5 Broken period Interest

Broken period interest on debt instruments is treated as a revenue item.

6.6 Transfer/Shifting of Security between Categories

Transfer/shifting of Securities from one category to another is carried out as per the RBI guidelines at acquisition cost or book value or market value, whichever is lower, on the date of transfer and the depreciation, if any, on such transfer is fully provided for.

7 ADVANCES

7.1 Advances are classified as per the RBI guidelines into standard, sub-standard, doubtful and loss assets. Advances are stated net of specific loan loss provision.

7.2 Specific provisions for non-performing advances and floating provisions are made in conformity with the RBI guidelines.

7.3 In addition, the Bank considers accelerated provisioning based on past experience, evaluation of securities and other related factors.

7.4 Provisions on Standard Assets are made @ 0.40% of the outstanding advances. Further, as per the RBI guidelines, the standard asset provisioning on individual housing loans sanctioned on and after June 7, 2017, is made @ 0.25%. However, provision for banks direct advances to agriculture and SME sectors is made @ 0.25%, medium enterprises sector is made @ 0.4%, commercial real estate sector is made @ 1% and housing loans at teaser rates @ 2% in pursuance to the RBI circulars issued from time to time. Further the same is shown under the head 'Other Liabilities and Provisions'.

7.5 Amounts recovered during the period against bad debts written off in earlier accounting periods are credited to the Profit & Loss account.

7.6 Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are written back to the Profit & Loss account to the extent such provisions were charged to the Profit & Loss account.

7.7 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 advance / 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. Restructuring of an account is done at a borrower level.

7.8 The moratorium granted as part of COVID-19 Regulatory package announced by RBI, to the borrowers is not accounted as restructuring of loans.

7.9 The Bank enters into transactions for the sale/purchase of Priority Sector Lending Certificates (PSLCs) through the RBI platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as 'Miscellaneous Income'.

8 NET PROFITS

The Net Profits have been arrived at after:

- Provisions for Income Tax in accordance with the statutory requirements
- Provisions on Advances
- Adjustments to the value of Investments
- Other usual and necessary provisions

9 REVENUE RECOGNITION

Income is accounted on Accrual basis except in the following cases:

- Income on Non-Performing Assets is recognized on realization basis as per the RBI guidelines.
- Interest which remains overdue for 90 days on securities not covered by Government guarantee is recognized on realization basis as per the RBI guidelines.
- Commission (other than on Deferred Payment Guarantees and Government Transactions), Exchange and Brokerage are recognized on realization basis. However, Commission, Exchange and Brokerage on loan accounts is recognized as and when charged to the borrower account.
- Interest on Overdue Bills is recognized on Realization Basis as per the RBI guidelines.

10 EMPLOYEE BENEFITS

10.1 Provident Fund: As per the statute, contribution towards provident fund for certain employees is made to the regulatory authorities, where the Bank has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Bank does not carry any further obligations, apart from the contributions made on a monthly basis.

10.2 Gratuity: Every employee is entitled to a benefit equivalent to 15 days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Bank or retirement, whichever is earlier. The benefits vest after five years of continuous service.

The Gratuity scheme of the Bank is a defined benefit scheme and the expense for the period is recognized on the basis of actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial losses/ gains are recognized in the Profit and Loss Account in the period in which they arise. Payment obligations under the Group Gratuity scheme are managed through a fund maintained by ICICI Prudential Life Insurance under separate Trust set up by the Bank.

10.3 Compensated absences: Provision for compensated absences is made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method.

10.4 Share-based payments: The measurement and disclosure of employee stock options offered by the Bank is as per 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 and recognized, together with a corresponding increase in the 'stock options outstanding account' under Schedule 2- Revenue & Other Reserves Account. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Bank's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

10.5 The Code on Social Security, 2020 relating to employee benefits during employment and post-employment benefits has received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Bank is in the process of evaluating the financial impact, if any.

11 LEASE

11.1 Lease arrangements where risk and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases.

11.2 Lease rentals under operating lease are charged to the Profit & Loss account on straight line basis over the lease term in accordance with AS-19, Leases.

12 SEGMENT REPORTING

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per the RBI guidelines.

13 EARNINGS PER SHARE

13.1 Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

13.2 Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as at end of the period except when its results are anti-dilutive.

14 TAXES

Tax expenses comprise of current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized, in general, 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; where there is unabsorbed depreciation and/or carry forward of losses under tax laws, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realized against future taxable income.

Current tax assets and liabilities and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off-set and when the Bank intends to settle on a net basis.

Current tax assets and liabilities and deferred tax assets and liabilities are calculated at the rates applicable u/s section 115BAA of the Income Tax Act, 1961. Accordingly, as per Section 115JB, Minimum Alternate Tax (MAT) is not applicable.

15 PROVISIONS AND CONTINGENT LIABILITIES & CONTINGENT ASSETS

15.1 A provision is recognized when there is a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

15.2 A disclosure of contingent liability is made when there is:

- possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

15.3 When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

15.4 Contingent assets, if any, are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand (including balance in ATM), balances with the RBI, balances with other banks in current accounts and money at call and short notice.

17 TRANSACTION INVOLVING FOREIGN EXCHANGE

17.1 All transactions in foreign currency are recognized at the exchange rate as notified by the Foreign Exchange Dealers Association of India (FEDAI).

17.2 Foreign currency monetary items are reported using the exchange rate prevailing at the Balance Sheet date.

17.3 Non-monetary items which are measured in terms of historical cost denominated in foreign currency are reported using the exchange rate as notified by Foreign Exchange Dealers Association of India (FEDAI) at the date of transaction. Non-monetary items which are measured at Fair Value or other similar value denominated in a foreign currency are translated using the exchange rate at the date when such value is determined.

17.4 Exchange differences arising on settlement of monetary items or on reporting of such monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or expense in the period in which they arise.

Changes in Significant Accounting Polices

There have been no changes in our significant accounting policies for all periods covered in the Restated Financial Information.

RESULTS OF OPERATIONS

The table below sets forth our results of operation derived from our restated financial information for the three months ended June 30, 2021 and June 30, 2020 and Financial Years 2021, 2020 and 2019, expressed in absolute terms and as a percentage of our total income for the periods indicated.

	Financial Year						**Quarter Ended**			
	2019		**2020**		**2021**		**June 30, 2020**		**June 30, 2021**	
	Amount (in ₹ million)	**Percentage of total income (%)**	**Amount (in ₹ million)**	**Percentage of total income (%)**	**Amount (in ₹ million)**	**Percentage of total income (%)**	**Amount (in ₹ million)**	**Percentage of total income (%)**	**Amount (in ₹ million)**	**Percentage of total income (%)**
Income										
Interest Earned	3,462.91	91.71	4,581.35	91.43	5,114.39	91.77	1,242.00	93.73	1,364.36	92.56
Other income	313.07	8.29	429.55	8.57	458.58	8.23	83.15	6.27	109.59	7.44
Total	3,775.98	**100.00**	5,010.90	**100.00**	5,572.97	**100.00**	1,325.15	**100.00**	1,473.95	**100.00**
Expenditure										
Interest Expended	2,111.51	55.92	2,855.12	56.98	3,128.28	56.13	766.75	57.86	793.87	53.86
Operating Expenses	1,321.70	35.00	1,633.33	32.60	1,729.59	31.04	402.58	30.38	454.24	30.82
Provisions and Contingencies	148.63	3.94	268.63	5.36	307.26	5.51	87.82	6.63	104.01	7.06
Total	3,581.84	94.86	4,757.08	94.94	5,165.13	92.68	1,257.15	94.87	1,352.12	91.74
Profit										
Net profit for the year	194.14	5.14	253.82	5.07	407.84	7.32	68.00	5.13	121.83	8.27
Profit brought forward	731.56	19.37	837.67	16.72	987.72	17.72	987.72	74.54	1,262.88	85.67
Total	925.70	24.51	1,091.49	21.79	1,395.56	25.05	1,055.72	79.67	1,384.71	93.94

PRINCIPAL COMPONENTS OF STATEMENT OF PROFIT AND LOSS

Income

Our income includes the following:

Interest Earned: Our income from interest earned comprises of: (1) Interest/discount on advances/bills; (2) Income on investments; (3) Interest on balance with Reserve Bank of India and inter-bank funds and (4) Others.

- Interest/discount on advances/bills: Interest/discount on advances/bills includes interest on all types of advance products, net of NPAs interest reversals;

- Income on investments: Income on investments includes interest earned on government securities, treasury bills, cash management bill, bonds and other securities;

- Interest on balance with Reserve Bank of India and inter-bank funds: Interest on balance with Reserve Bank of India and inter-bank funds includes interest on inter-bank deposit, interest earned on money at call and short notice, reverse repo and other money market segments; and

- Others: Others includes any other interest earned than categories specified above.

Other income: Our other income primarily comprises of : (1) Commission, exchange and brokerage; (2) Profit/loss on sale of investments (net); (3) Profit/loss on revaluation of investments (net); (4) Profit/loss on sale of land, building and other assets (net); (5) Profit/loss on exchange transactions (net); (6) Income earned by way of dividends; and (7) Miscellaneous income.

- Commission, exchange and brokerage: Commission, exchange and brokerage includes commission received on loan products in form of processing fees, inspection charges & renewal charges, ATM card issuance & renewal charges, locker rent, account operation related and other service charges, third party commissions;

- Profit/loss on sale of investments (net): Net of profit/loss on sale of investments include profit/ and loss on trading of government securities and other investments made by the Bank;

- Profit/loss on revaluation of investments (net): Net of profit/loss on revaluation of investments includes any profit/loss on revaluation of investments made by the Bank;

- Profit/loss on sale of land, building and other assets (net): Net of profit/loss on sale of land, building and other assets includes profit or loss on sale transactions of old fixed assets of the Bank;

- Profit/loss on exchange transactions (net): Net of profit/loss on exchange transactions includes profit earned on the swift transactions conducted by the Bank under Authorized Dealer II category;

- Income earned by way of dividends: Income earned by way of dividends includes income earned by form of dividend received from other companies; and

- Miscellaneous income: Miscellaneous income includes any other income not classified in above segments.

Expenses

Our expenses include the following:

Interest Expended: Interest expended primarily consist of: (1) Interest on deposits; (2) Interest on Reserve Bank of India/inter-bank borrowings; and (3) Others.

- Interest on deposits: Interest on deposits includes interest expended on saving and term deposits;

- Interest on Reserve Bank of India/inter-bank borrowings: Interest on Reserve Bank of India/inter-bank borrowings includes interest expended on refinance, Tier II bonds, interbank overdraft facility, money market borrowings like REPO, TREPS;

- Others: Others includes interest expended on any other miscellaneous items not classified above.

Operating Expenses: Operating expenses primarily consist of:

- Payments to and provisions for employees;

- Rent, taxes and lighting;

- Printing and stationery;

- Advertisement and publicity;

- Depreciation on bank property;

- Director fees, allowances and expenses;
- Auditor fees and expenses;
- Law charges;
- Postage, telegrams, telephones etc.;
- Repairs and maintenance;
- Insurance;
- Other expenditure.

Provisions and Contingencies: Provisions and contingencies primarily consists of:

- Provisions towards taxes;
- Provisions towards Standard Assets;
- Provisions towards Non-performing Advances;
- Depreciation on Investments.

Quarter ended June 30, 2021 compared to Quarter ended June 30, 2020

Income

The table below sets forth details in relation to our income for the three months ended June 30, 2021 and June 30, 2020.

	Quarter ended		***Percentage Difference* (%)**
	June 30, 2020	**June 30, 2021**	
	Amount (in ₹ million)	***Amount (in ₹ million)***	
Income			
Interest Earned	1,242.00	1,364.36	9.85
Other income	83.15	109.59	31.80
Total	1,325.15	1,473.95	11.23

Our income increased by ₹ 148.8 million, or 11.23%, from ₹ 1,325.15 million for the three months ended June 30, 2020 to ₹ 1,473.95 million for the three months ended June 30, 2021.

Interest Earned

Our income from interest earned increased by ₹ 122.36 million, or 9.85%, from ₹ 1,242.00 million for the three months ended June 30, 2020 to ₹ 1,364.36 million for the three months ended June 30, 2021. This increase was primarily due to an increase in our average advances portfolio during this period, from ₹ 31,739.50 million as at June 30, 2020 to ₹ 36,375.60 million as at June 30, 2021 also affected by the downward interest stream with weighted average yield on outstanding portfolio of 11.38% and 11.69% as on June 30, 2021 and June 30, 2020, respectively.

Other income

Our other income increased by ₹ 26.44 million, or 31.80%, from ₹ 83.15 million for the three months ended June 30, 2020 to ₹ 109.59 million for the three months ended June 30, 2020, primarily due to a significant increase in our income from commission, exchange and brokerage during this period which arose from ₹ 33.51 million for the three months ended June 30, 2020 to ₹ 71.25 million for the three months ended June 30, 2021 and part from increase in commission from third party business.

Expenditure

Our total expenditure increased by ₹ 94.97 million, or 7.55%, from ₹ 1,257.15 million for the three months ended June 30, 2020 to ₹ 1,352.12 million for the three months ended June 30, 2021.

	Quarter ended		Percentage Difference (%)
	June 30, 2020	June 30, 2021	
	Amount (in ₹ million)	*Amount (in ₹ million)*	
Expenditure			
Interest Expended	766.75	793.87	3.54
Operating Expenses	402.58	454.24	12.83
Provisions and Contingencies	87.82	104.01	18.44
Total	1,257.15	1,352.12	7.55

Interest Expended

Our interest expended increased by ₹ 27.12 million, or 3.54%, from ₹ 766.75 million for the three months ended June 30, 2020 to ₹ 793.87 million for the three months ended June 30, 2021, partially due to increase in interest expended on deposits which rose by 2.02%, consequent to growth in deposits from ₹ 46,869.22 million to ₹ 54,829.03 million outstanding at the end of the period and due to increase in interest expended on borrowings, which rose by 15.70% consequent to increase in refinance from ₹ 2,314.00 million to ₹ 3,277.00 million outstanding at the end of the period and Tier II capital from ₹ 1,607.20 million to ₹ 2,147.40 million outstanding at the end of the period.

Operating Expenses

Our operating expenses increased by ₹ 51.66 million, or 12.83%, from ₹ 402.58 million for the three months ended June 30, 2020 to ₹ 454.24 million for the three months ended June 30, 2021, primarily due to an increase in the expenses to support the growth in our business during this period in line with the increase in Net Total Income, Further, the increase is primarily due to increase in payments to and provisions for employees, which arose by 18%, consequent to increase in the branch count and total business, and rent, taxes and lightning which arose by 6%, consequent to increase in branch count.

Provisions and Contingencies

Our provisions and contingencies increased by ₹ 16.19 million, or 18.44%, from ₹ 87.82 million for the three months ended June 30, 2020 to ₹ 104.01 million for the three months ended June 30, 2021, primarily due to an increase in provisions towards taxes of ₹ 18.27 million and an increase in provision towards non-performing assets of ₹ 14.13 million, which was partially offset by a decrease in provisions towards standard assets of ₹ 15.97 million during this period.

Retained earnings

	Quarter ended		Percentage Difference (%)
	June 30, 2020	June 30, 2021	
	Amount (in ₹ million)	*Amount (in ₹ million)*	
Retained earnings			
Net profit for the period	68.00	121.83	79.16
Profit brought forward	987.72	1,262.88	27.86
Total	1,055.72	1,384.71	31.16

Net profit for the period

Our net profit for the period increased by ₹ 53.83 million, or 79.16%, from ₹ 68.00 million for the three months ended June 30, 2020 to ₹ 121.83 million for the three months ended June 30, 2021, arising out of the reasons discussed above.

Financial Year 2021 compared to Financial Year 2020

Income

The table below sets forth details in relation to our income in Financial Year 2021and Financial Year 2020.

	Financial Year		Percentage Difference (%)
	March 31, 2020	March 31, 2021	
	Amount (in ₹ million)	*Amount (in ₹ million)*	
Income			
Interest Earned	4,581.35	5,114.39	11.63
Other income	429.55	458.58	6.76
Total	5,010.90	5,572.97	11.23

Our income increased by ₹ 533.04 million, or 11.63%, from ₹ 5,010.90 million in Financial Year 2020 to ₹ 5,572.97 million in Financial Year 2021.

Interest Earned

Our income from interest earned increased by ₹ 533.04 million, or 11.63%, from ₹ 4,581.35 million in Financial Year 2020 to ₹ 5,114.39 million in Financial Year 2021. This increase arose mainly from an increase in our income from interest/discount on advances/bills of ₹ 417.71 million, which was primarily due to an increase in our advances portfolio during this period, from ₹ 26,087.80 million as of April 1, 2019 to ₹ 33,255.66 million as of April 1, 2020, as well as an increase in income on investments of ₹ 117.76 million during this period with increase in average yield on SLR from 6.86% to 7.06%.

Other income

Our other income increased by ₹ 29.03 million, or 6.76%, from ₹ 429.55 million for Financial Year 2020 to ₹ 458.58 million for Financial Year 2021, primarily due to profit on sale of investments by ₹ 26.87 million and commission, exchange and brokerage by ₹ 7.11 million.

Expenditure

Our total expenditure increased by ₹ 408.04 million, or 8.58%, from ₹ 4,757.08 million for Financial Year 2020 to ₹ 5,165.13 million for Financial Year 2021.

	Financial Year		***Percentage Difference (%)***
	March 31, 2020	**March 31, 2021**	
	Amount (in ₹ million)	***Amount (in ₹ million)***	
Expenditure			
Interest Expended	2,855.12	3,128.28	9.57
Operating Expenses	1,633.33	1,729.59	5.89
Provisions and Contingencies	268.63	307.26	14.38
Total	4,757.08	5,165.13	8.58

Interest Expended

Our interest expended increased by ₹ 273.16 million, or 9.57%, from ₹ 2,855.12 million for Financial Year 2020 to ₹ 3,128.28 million for Financial Year 2021, due to an increase in interest on deposits during this period, which rose by ₹ 244.75 million consequent to an increase in deposits with the Bank from ₹ 44,466.23 million as of March 31, 2020 to ₹ 52,210.70 million as of March 31, 2021, in line with the growth in our customer base and branches, and due to a slight increase in interest expended on RBI borrowings and refinance.

Operating Expenses

Our operating expenses increased by ₹ 96.26 million, or 5.89%, from ₹ 1,633.33 million for Financial Year 2020 to ₹ 1,729.59 million for Financial Year 2021, primarily due to an increase in the expenses to support the growth in our business during this period in line with the increase in Net Total Income. Further, the increase is primarily due to an increase in payments to and provisions for employees, which arose by 6.84%, consequent to increase in the branch count and total business, increase in insurance cost, which arose by 23.07%, on account of increase in DICGC coverage and other insurance coverage and increase in postage and telegram, which arose by 11.72%, as well as due to increase in other overheads consequent to increase in business size and increase in number of branches from 150 to 158.

Provisions and Contingencies

Our provisions and contingencies increased by ₹ 38.63 million, or 14.38%, from ₹ 268.63 million for Financial Year 2020 to ₹ 307.26 million for Financial Year 2021, primarily due to increase in Provision for Taxes by ₹ 37.52 million from ₹ 92.00 million for Financial Year 2020 to ₹ 129.52 million for Financial Year 2021 as per the increased operating profit from ₹ 522.45 million in FY 2020 to ₹ 715.10 million in FY 2021.

Retained earnings

	Financial Year		***Percentage Difference (%)***
	March 31, 2020	**March 31, 2021**	
	Amount (in ₹ million)	***Amount (in ₹ million)***	
Retained earnings			
Net profit for the year	253.82	407.84	60.68
Profit brought forward	837.67	987.72	17.91
Total	1,091.49	1,395.56	27.86

Net profit for the year

Our net profit for the year increased by ₹ 154.02 million, or 60.68%, from ₹ 253.82 million for Financial Year 2020 to ₹ 407.84 million for Financial Year 2021, for the reasons discussed above.

Financial Year 2020 compared to Financial Year 2019

Income

The table below sets forth details in relation to our income in Financial Year 2020and Financial Year 2019.

	Financial Year		*Percentage Difference (%)*
	March 31, 2020	March 31, 2019	
	Amount (in ₹ million)	*Amount (in ₹ million)*	
Income			
Interest Earned	4,581.35	3,462.91	32.30
Other income	429.55	313.07	37.21
Total	5,010.90	3,775.98	32.70

Our income increased by ₹ 1,234.92 million, or 32.70%, from ₹ 3,775.98 million in Financial Year 2019 to ₹ 5,010.90 million in Financial Year 2020.

Interest Earned

Our income from interest earned increased by ₹ 1,118.44 million, or 32.30%, from ₹ 3,462.91 million in Financial Year 2019 to ₹ 4,581.35 million in Financial Year 2020. This increase arose mainly from an increase in interest/discount on advances/bills of ₹ 889.81 million during this period, which was primarily due to an increase in our advances portfolio during this period, from ₹ 18,529.88 million as of April 1, 2018 to ₹ 26,087.80 million as of April 1, 2019, by increase in interest on balance with RBI and interbank funds by ₹ 143.00 million and by increase in interest on investments of ₹ 85.63 million.

Other income

Our other income increased by ₹ 116.48 million, or 37.21%, from ₹ 313.07 million for Financial Year 2019 to ₹ 429.55 million for Financial Year 2020, primarily due to an increase in income from commission, exchange and brokerage during this period by ₹ 51.26 million from ₹ 237.15 million for Financial Year 2019 to ₹ 288.41 million for Financial Year 2020 and also due to increase in profit on sale of investment ₹ 25.05 million and increase in Miscellaneous Income by ₹ 30.58 million primarily on account of sale of PSLC.

Expenditure

Our total expenditure increased by ₹ 1,175.24 million, or 32.81%, from ₹ 3,581.84 million for Financial Year 2019 to ₹ 4,757.08 million for Financial Year 2020.

	Financial Year		*Percentage Difference (%)*
	March 31, 2020	March 31, 2019	
	Amount (in ₹ million)	*Amount (in ₹ million)*	
Expenditure			
Interest Expended	2,855.12	2,111.51	35.22
Operating Expenses	1,633.33	1,321.70	23.58
Provisions and Contingencies	268.63	148.63	80.74
Total	4,757.08	3,581.84	32.81

Interest Expended

Our interest expended increased by ₹ 743.61 million, or 35.22%, from ₹ 2,111.51 million for Financial Year 2019 to ₹ 2,855.12 million for Financial Year 2020, primarily due to an increase in interest on deposits during this period, which corresponded to an increase in deposits with the Bank from ₹ 36,672.58 million as of March 31, 2019 to ₹ 44,466.23 million as of March 31, 2020 and due to increase in interest expended on refinance by ₹ 88.82 million, consequent to growth in our customer base and branch count.

Operating Expenses

Our operating increased by ₹ 311.63 million, or 23.58%, from ₹ 1,321.70 million for Financial Year 2019 to ₹ 1,633.33 million for Financial Year 2020, primarily due to an increase in the expenses to support the growth in the revenue and the same is in line with the increase in Net Total Income . Further, the increase is primarily due to an increase in payments to and provisions for employees, which arose by ₹ 187.88 million, consequent to an increase in headcount from 1,433 as of March 31, 2019 as compared to 1,649 as of March 31, 2020 and due to an increase in overheads including rent taxes and lightning, which arose by ₹ 34.31 million, depreciation charge which arose by ₹ 35.71 million, repair and maintenance which arose by ₹ 27.50 million, consequent to growth in our operations, business and increased number of branches from 129 to 150.

Provisions and Contingencies

Our provisions and contingencies increased by ₹ 120.00 million, or 80.74%, from ₹ 148.63 million for Financial Year 2019 to ₹ 268.63 million for Financial Year 2020, primarily due to an increase in provisions towards standard assets by ₹ 75.71 million due to COVID-19 during this period and further due to increase in NPA provision by ₹ 34.84 million.

Retained earnings

	Financial Year		*Percentage Difference (%)*
	March 31, 2019	**March 31, 2020**	
	Amount (in ₹ million)	***Amount (in ₹ million)***	
Retained earnings			
Net profit for the year	194.14	253.82	30.74
Profit brought forward	731.56	837.67	14.50
Total	925.70	1,091.49	17.90

Net profit for the year

Our net profit for the year increased by ₹ 59.68 million, or 30.74%, from ₹ 194.14 million for Financial Year 2019 to ₹ 253.82 million for Financial Year 2020, primarily arising out of reasons discussed above.

Financial Condition

Statement of Assets and Liabilities

Our assets as at the specified dates are set out below:

(₹ in million)

Particulars	**As at March 31,**			**As at June 30,**	
	2019	**2020**	**2021**	**2020**	**2021**
Cash and Balances with the Reserve Bank of India	2,148.64	2,212.33	7,217.24	2,229.57	8,191.54
Balance with banks and Money at call and Short Notice	4,967.64	5,945.16	5,686.99	8,621.00	7,435.27
Investments	8,625.80	10,518.75	12,122.52	12,195.00	11,819.12
Advances	25,990.45	33,083.08	37,268.86	31,448.34	36,421.95
Fixed Assets	835.19	906.24	865.54	887.34	851.25
Other Assets	644.32	633.21	551.23	906.42	939.36
Total Assets	**43,212.04**	**53,298.77**	**63,712.38**	**56,287.67**	**65,658.49**

<u>Cash and Balances with the Reserve Bank of India</u>

Cash and balances with the Reserve Bank of India increased from ₹ 2,212.33 million as at March 31, 2020 to ₹ 7,212.24 million as at March 31, 2021, and subsequently to ₹ 8,191.54 million as at June 30, 2021 primarily due to funds parked under reverse repo Automated Sweep In Sweep Out ("**ASISO**") facility, started with effect from August 6, 2020) which amounts to ₹4,720 million as on March 31, 2021 and ₹5,270 million as on June 30, 2021, which were earlier parked under money at call and short notice.

<u>Balances with Banks and Money at Call and Short Notice</u>

Balances with banks and money at call and short notice decreased from ₹ 5.945.16 million as at March 31, 2020 to ₹ 5,686.99 million as at March 31, 2021 and subsequently increased to ₹ 7,435.27 million as at June 30, 2021 primarily due to increased investment in interbank deposits by ₹ 1,495.43 million during quarter ended June 30, 2021 and due to shift in parking of funds from money at call and short notice to balance with RBI (ASISO).

<u>Investments</u>

Our investments, which primarily comprise of Investments in India, increased from ₹ 10,518.75 million as at March 31, 2020 to ₹ 12,122.52 million as at March 31, 2021 and subsequently decreased to ₹ 11,819.12 million as at June 30, 2021, in line with fluctuations in our investments in government securities, which was primarily due to maturity of government securities of ₹ 300.00 million falling in quarter ended June 30, 2021.

Advances

Our advances increased from ₹ 33,083.08 million as at March 31, 2020 to ₹ 37,268.86 million as at March 31, 2021, and subsequently decreased to ₹ 36,421.95 million as at June 30, 2021. The reduction in June 30, 2021 is consequent to seasonality impact and slow down of disbursement as a result of impact of second wave of COVID-19.

The breakdown of total advances as at specified dates are set out below:

(₹ in million)

PARTICULARS	As on March 31,2019	As on March 31, 2020	As on March 31, 2021	As on June 30, 2020	As on June 30, 2021
Bills purchased and discounted	4.56	4.92	-	3.02	-
Cash credits, overdrafts and loans repayable on demand	15,522.34	18,670.93	19,438.52	16,526.25	18,466.92
Term Loans	10,463.55	14,407.23	17,830.34	14,919.07	17,955.03
Total	25,990.45	33,083.08	37,268.86	31,448.34	36,421.95
Secured by Tangible Assets	25,702.05	32,783.73	36,231.28	31,177.60	35,392.51
Covered by Bank / Government Guarantees	-	-	839.91	-	857.80
Unsecured	288.40	299.35	197.67	270.74	171.64
Total	25,990.45	33,083.08	37268.86	31,448.34	36,421.95
Advances in India					
Priority Sector (Refer note 22.8.6 of Annexure 22)	18,141.70	22,913.65	25,577.63	21,474.18	25,029.49
Public Sector	-	-	-	-	-
Banks	-	0.10	-	0.07	-
Other	7,848.75	10,169.33	11,691.23	9,974.09	11,392.46
Total (I)	25,990.45	33,083.08	37,268.86	31,448.34	36,421.95
Advances outside India					
Due from Banks	-	-	-	-	-
Due from Others	-	-	-	-	-
Bills Purchased & Discounted	-	-	-	-	-
Syndicated Loans	-	-	-	-	-
Others	-	-	-	-	-
Total (II)	-	-	-	-	-
Grand Total (I+II)	**25,990.45**	**33,083.08**	**37,268.86**	**31,448.34**	**36,421.95**

Fixed Assets

Our fixed assets, which primarily comprise (1) Premises; and (2) Other fixed assets (including furniture & fixtures) decreased from ₹ 906.24 million as at March 31, 2020 to ₹ 865.54 million as at March 31, 2021 and subsequently to ₹ 851.25 million as at June 30, 2021 which is primarily due to depreciation charged of ₹ 164.92 million during year 2021 and ₹ 41.42 million during quarter ended June 30, 2021. However, there is addition of fixed assets by ₹ 129.26 million during Financial Year 2021 and ₹ 27.26 million during quarter ended June 30, 2021 on account of increase in IT operations and branch count.

Other Assets

Our other assets, which primarily comprises interest accrued, decreased from ₹ 633.21 million as at March 31, 2020 to ₹ 551.23 million as at March 31, 2021, which is primarily due to composition of investment portfolio and subsequently increased to ₹ 939.36 million as at June 30, 2021 primarily due to interest accrual on agri limits of ₹ 400.50 million, which are charged on half yearly basis.

Capital and Liabilities

Our capital and liabilities as at the specified dates are set out below:

(₹ in million)

Particulars	As at March 31,			As at June 30,	
	2019	2020	2021	2020	2021
Capital	284.81	338.07	339.10	338.07	340.03
Reserves and Surplus	2,218.41	3,729.73	4,168.80	3,802.08	4,302.00
Deposits	36,672.58	44,466.23	52,210.70	46,869.22	54,829.03
Borrowings	3,583.80	4,209.20	6,167.20	4,731.20	5,424.40
Other Liabilities and Provisions	452.44	555.54	826.58	547.10	763.03
Total Liabilities and Provisions	**43,212.04**	**53,298.77**	**63,712.38**	**56,287,67**	**65,658.49**

Deposits

The following table sets forth, as at the dates indicated, deposits by categories of deposits and the percentage increase from the previous year end.

	As at March 31, 2019 (in ₹ million)	% increase / (decrease) from March 31, 2019	As at March 31, 2020 (in ₹ million)	% increase / (decrease) from March 31, 2020	As at March 31, 2021 (in ₹ million)	As at June 30, 2020 (in ₹ million)	% increase / (decrease) from June 30, 2020	As at June 30, 2021 (in ₹ million)
Demand deposits [A]	1,438.26	(7.31%)	1,333.17	55.47%	2,072.66	1,858.17	9.58%	2,036.25
Savings bank deposits [B]	12,640.10	17.20%	14,813.57	27.27%	18,853.68	15,581.69	29.37%	20,158.31
Term deposits [C]	22,594.22	25.34%	28,319.49	10.47%	31,284.36	29,429.36	10.89%	32,634.57
Total deposits	**36,672.58**	**21.25%**	**44,466.23**	**17.42%**	**52,210.70**	**46,869.22**	**16.98%**	**54,829.03**

Our total deposits have increased to ₹ 52,210.70 million as at March 31, 2021 from ₹ 36,672.58 million as at March 31, 2019, representing a CAGR of 19.32%. As at March 31, 2021, our total retail deposits accounted for 97.60% of our total deposits. We believe retail deposit tends to provide a stable and low-cost source of deposits. Our CASA increased to ₹20,926.34 million as at March 31, 2021 from ₹14,078.36 million as at March 31, 2019, representing a CAGR of 21.92%.

Borrowings

The following table sets forth details of our borrowings as at the periods indicated.

(₹ in million)

Particulars	As at March 31,			As at June 30,	
	2019	2020	2021	2020	2021
Borrowings in India:					
Reserve Bank of India	-	810.00	-	810.00	-
Other banks	-	-	-	-	-
Other institutions and agencies	1,807.00	1,792.00	4,246.00	2,314.00	3,277.00
Unsecured Redeemable Non-Convertible Bonds (Subordinated debt – Tier II Capital)	1,386.80	1,217.20	1,531.20	1,217.20	1,757.40
Hybrid debt Capital instrument issued as debentures	390.00	390.00	390.00	390.00	390.00
Borrowings outside India	-	-	-	-	-
Total	**3,583.80**	**4,209.20**	**6,167.20**	**4,731.20**	**5,424.40**

Borrowings primarily comprise borrowings from the RBI, other institutions and agencies, borrowings in the form of Tier II capital in the form of unsecured redeemable debentures and bonds.

Our borrowings increased from ₹ 4,209.20 million as at March 31, 2020 to ₹ 6,167.20 million as at March 31, 2021, and subsequently decreased to ₹ 5,424.40 million as at June 30, 2021 primarily on account of maturity of refinance facility by ₹ 969.00 million. Further, Bank has raised Tier II bonds during Financial Year 2021 of ₹ 314.00 million and ₹ 313.50 million during the quarter ended June 30, 2021 which has led to increase Tier II capital of ₹ 1,607.20 million as on March 31, 2020 to ₹ 2,147.40 million as on June 30, 2021.

Other Liabilities and Provisions

The table below sets forth details of our other liabilities and provisions as at the dates indicated.

(₹ in million)

Particulars	As at March 31,			As at June 30,	
	2019	2020	2021	2020	2021
Bills payable	214.85	179.37	419.44	90.10	266.91
Inter office adjustments (net)	0.11	0.36	-	0.19	3.75
Interest accrued	46.45	56.33	53.59	76.07	63.16
Provision for taxes (net of taxes paid in advance/TDS)	-	-	-	0.06	9.43
Others (including provisions)	106.73	133.71	178.74	139.91	205.93
Contingent provision against standard assets	84.30	185.77	174.81	240.77	213.85
Total	**452.44**	**555.54**	**826.58**	**547.10**	**763.03**

Other liabilities and provisions represent bills payable, inter office adjustment, interest accrued, provision for taxes (net of taxes paid in advance/TDS), others (including provisions) and comprise contingent provisions against standard assets.

Other liabilities and provisions increased from ₹ 555.54 million as at March 31, 2020 to ₹ 826.58 million as at March 31, 2021 and subsequently decreased to 763.03 million as at June 30, 2021 in ordinary course of business.

Our Business Segments

We have identified our business segments, segregating into Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Segments after considering the internal business reporting system and guidelines issued by the RBI through its notification DBOD.No.BP.BC.81/21.01.018/2006-07 dated April 18, 2007 and Accounting Standard 17 (AS 17) – 'Segment Reporting'. The Bank's business has been segregated into four segments, namely, Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations.

Our segment results and segment revenue for each of our business segments are set forth in the table below for the periods indicated:

(₹ in million)

	Treasury		Corporate/Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	Segment Revenue	Segment Results	Segment Revenue	Segment Results	Segment Revenue	Segment Results	Segment Revenue	Segment Results	Segment Revenue	Segment Results
Fiscal 2019	1,078.17	206.04	256.77	24.81	2,345.06	394.82	95.98	82.99	3,775.98	708.66
Fiscal 2020	1,331.85	269.30	386.19	4.50	3,178.10	465.43	114.76	102.26	5,010.90	841.49
Fiscal 2021	1,474.07	132.20	402.27	18.30	3,595.63	837.92	101.00	86.56	5,572.97	1,074.98
Quarter ended June 30, 2020	363.66	41.28	96.70	5.04	847.21	150.87	17.58	14.17	1,325.15	211.36
Quarter ended June 30, 2021	383.13	11.30	105.92	3.63	958.61	259.50	26.28	22.19	1,473.95	296.62

The discussion on our material business segments is as under:

Treasury

<u>Quarter ended June 30, 2021 Compared to Quarter ended June 30, 2020</u>

Revenue from the Treasury segment increased by ₹ 19.47 million, or 5.35%, to ₹ 383.13 million for the three months ended June 30, 2021 compared to ₹ 363.66 million for the three months ended June 30, 2020, which increase was primarily due to increase in interest income on deposits and inter-bank funds by ₹ 33.77 million, partially offset by decrease in profit on sale of investments by ₹ 13.18 million.

<u>Fiscal 2021 Compared to Fiscal 2020</u>

Revenue from the Treasury segment increased by ₹ 142.22 million, or 10.68%, to ₹ 1,474.07 million for Fiscal 2021 from ₹ 1,331.85 million for Fiscal 2020, which increase was primarily due to increase in interest income on investments by ₹ 117.76 million

<u>Fiscal 2020 Compared to Fiscal 2019</u>

Revenue from the Treasury segment increased by ₹ 253.68 million, or 23.53%, to ₹ 1,331.85 million for Fiscal 2020 from ₹ 1,078.17 million for Fiscal 2019, which increase was primarily due to increase in interest income on investments by ₹ 85.63 million and interest on balance with RBI and inter-bank funds by ₹ 143.00 million.

Retail Banking

<u>Quarter ended June 30, 2021 Compared to Quarter ended June 30, 2020</u>

Revenue from the Retail Banking segment increased by ₹ 111.40 million, or 13.15%, to ₹ 958.61 million for the three months ended June 30, 2021 from ₹ 847.21 million for the three months ended June 30, 2020, which increase was primarily due to increase in the interest income in retail banking segment by ₹ 83.38 million.

<u>Fiscal 2021 Compared to Fiscal 2020</u>

Revenue from the Retail Banking segment increased by ₹ 417.53 million, or 13.14%, to ₹ 3,595.63 million for Fiscal 2021 from ₹ 3,178.10 million for Fiscal 2020, which increase was primarily due to increase in interest income in retail banking segment by ₹ 400.58 million.

<u>Fiscal 2020 Compared to Fiscal 2019</u>

Revenue from the Retail Banking segment increased by ₹ 833.04 million, or 35.52%, to ₹ 3,178.10 million for Fiscal 2020 from ₹ 2,345.06 million for Fiscal 2019. This increase was primarily due to increase in interest income in retail banking segment by ₹ 763.66 million.

LIQUIDITY AND CAPITAL RESOURCES

The purpose of the liquidity management function is to ensure that we have funds available to extend loans to our customers across our various products, to meet deposit maturity outflows, to repay principal and interest on our borrowings and deposits and to fund our working capital requirements. As of June 30, 2021, June 30, 2020 and March 31, 2021, 2020, 2019, we had cash and cash equivalents of ₹ 8,638.44 million, ₹ 5114.33 million, ₹ 7411.28 million, ₹ 3824.16 million and ₹ 2927.84 million respectively. Cash and cash equivalents primarily consist of cash in hand (including cash at ATM) and balance with Reserve Bank of India (in current accounts and in other deposits accounts). Our primary sources of fund have been and will continue to be CASA and retail term deposits which ensures stability, low cost of funding and effective liquidity management. Other sources of funding include refinancing facilities from development institutions, bulk deposits and Tier II borrowings.

Summary of Cash flows

Set forth below is a table of selected information from our statements of cash flows for the periods as stated below:

	Financial Year			Quarter ended	
	2019 *(in ₹ million)*	**2020** *(in ₹ million)*	**2021** *(in ₹ million)*	**June 30, 2020**	**June 30, 2021**
Net cash flow from/ (used in) operating activities	82.71	(799.12)	1,743.18	788.83	1,988.07

	Financial Year			Quarter ended	
	2019 (in ₹ million)	2020 (in ₹ million)	2021 (in ₹ million)	June 30, 2020	June 30, 2021
Net cash flow from/ (used in) investing activities	(309.17)	(224.59)	(124.21)	(20.66)	(27.15)
Net cash flows from/ (used in) financing activities	1,335.03	1,920.04	1,968.14	522.00	(733.76)
Net increase/(decrease) in cash and cash equivalents	1,108.57	896.32	3,587.11	1,290.17	1,227.16
Cash and cash equivalents as at the beginning of the period	1,819.27	2,927.84	3,824.16	3,824.16	7,411.28
Cash and cash equivalents as at the end of the period	2,927.84	3824.16	7,411.28	5,114.33	8,638.44

Cash flows from operating activities

For the three months ended June 30, 2021, net cash generated from operating activities was ₹ 1,988.07 million. We had a net profit before taxes of ₹ 161.52 million, which was adjusted primarily for depreciation charge on fixed assets of ₹ 41.42 million, loan loss provision of ₹ 64.56 million, employee stock option expense of ₹ 3.25 million, decrease in investments of ₹ 303.64 million, decrease in advances of ₹ 821.39 million, and an increase in deposits of ₹ 2,618.33 million, which were partially offset by an increase in term deposits with other banks of ₹ 1,495.42 million, and an increase in other assets of ₹ 389.08 million and decrease in other liabilities by ₹ 112.01 million . Direct taxes paid (net of refunds) was ₹ 29.31 million.

For the three months ended June 30, 2020, net cash generated from operating activities was ₹ 788.83 million. We had a profit before taxes of ₹ 89.42 million, which was adjusted primarily for depreciation charge on fixed assets of ₹ 39.69 million, loan loss provision of ₹ 66.40 million, employee stock option expense of ₹ 4.35 million, decrease in advances of ₹ 1,623.35 million, and an increase in deposits of ₹ 2,402.99 million, which were partially offset by an increase in term deposits with other banks of ₹ 1,402.91 million and an increase in investments of ₹ 1,676.26 million. Direct taxes paid (net of refunds) was ₹ 21.76 million.

For Financial Year 2021, net cash generated from operating activities was ₹ 1,743.18 million. We had a profit before taxes of ₹ 537.37 million, which was adjusted primarily for depreciation charge on fixed assets of ₹ 164.92 million, loan loss provision of ₹ 177.49 million, employee stock option expense of ₹ 22.12 million, increase in deposits of ₹ 7,744.47 million, which were partially offset by increases in term deposits with other banks of ₹ 1,159.63 million, investments of ₹ 1,604.02 million and advances of ₹ 4,374.22 million. Direct taxes paid (net of refunds) was ₹ 128.58 million.

For Financial Year 2020, net cash used in operating activities was ₹ 799.12 million. We had a profit before taxes of ₹ 345.82 million which was adjusted primarily for depreciation charge on fixed assets of ₹ 153.37 million, loan loss provision of ₹ 176.69 million, employee stock option expense of ₹ 16.12 million, decreases in term deposits with other banks of ₹ 144.89 million, increase in investments of ₹ 1,907.45 million and increase in advances of ₹ 7,167.85 million, which was partially offset by an increase in deposits of ₹ 7,793.65 million. Direct taxes paid (net of refunds) was by ₹ 112.81 million.

For Financial Year 2019, net cash from operating activities was ₹ 82.71 million. We had a profit before taxes of ₹ 269.24 million, which was adjusted primarily for depreciation charge on fixed assets of ₹ 117.66 million, loan loss provision of ₹ 66.14 million, depreciation on investments of ₹ 7.39 million, increase in deposits of ₹ 8,167.38 million and a decrease in investments of ₹ 354.09 million, which were partially offset by increases in term deposits with other banks of ₹ 966.44 million, and increase in advances of ₹ 7,557.92 million. Direct taxes paid (net of refunds) was ₹ 110.23 million.

Cash flows from investing activities

For the three months ended June 30, 2021, we had net cash flow used in investing activities of ₹ 27.15 million, which primarily comprised of investments in purchase of fixed assets of ₹ 27.26 million and proceeds from sale of fixed assets of ₹ 0.11 million.

For the three months ended June 30, 2020, we had net cash flow used in investing activities of ₹ 20.66 million, which primarily comprised of investments in purchase of fixed assets of ₹ 24.93 million and proceeds from sale of fixed assets of ₹ 4.27 million.

For Financial Year 2021, we had net cash flow used in investing activities of ₹ 124.21 million, which primarily comprised of investments in purchase of fixed assets of ₹ 129.26 million and proceeds from sale of fixed assets of ₹ 5.05 million.

For Financial Year 2020, we had net cash flow used in investing activities of ₹ 224.59 million, which primarily comprised of investments in purchase of fixed assets of ₹ 225.63 million and proceeds from sale of fixed assets of ₹ 1.04 million.

For Financial Year 2019, we had net cash flow used in investing activities of ₹ 309.17 million, which primarily comprised of net purchase of fixed assets of ₹ 310.40 million and proceeds from sale of fixed assets of ₹ 1.21 million.

Cash flows from financing activities

Net cash used in financing activities was ₹ 733.76 million for the three months ended June 30, 2021, primarily comprising of a net decrease in borrowings/refinance of ₹ 969.00 million, which was partially offset by net proceeds from the new issue of unsecured redeemable non-convertible bonds of ₹ 226.20 million.

Net cash from financing activities was ₹ 522.00 million for the three months ended June 30, 2020, comprising of proceeds from borrowings/refinance of ₹ 522.00 million.

Net cash from financing activities was ₹ 1,968.14 million for the Financial Year 2021, primarily comprising of proceeds from the new issue of unsecured redeemable non-convertible bonds of ₹ 314.00 million and net increase in borrowings/refinance of ₹ 1,644.00 million.

Net cash from financing activities was ₹ 1,920.04 million for the Financial Year 2020, primarily comprising of proceeds from the issue of equity shares under preferential allotment on private placement basis / ESOP allotment of ₹ 1,301.89 million and increase in borrowings/refinance of ₹ 795.00 million, which were partially offset by redemption of bonds amounting to ₹ 169.60 million.

Net cash from financing activities was ₹ 1,335.03 million for the Financial Year 2019, primarily comprising of proceeds from the new issue of unsecured redeemable non-convertible bonds of ₹ 614.50 million and increase in borrowings/refinance of ₹ 747.29 million.

CAPITAL ADEQUACY

While the capital adequacy framework requires our Bank to maintain a minimum capital adequacy ratio of 15% of its risk weighted assets on a continuous basis, subject to any higher percentage as may be prescribed by RBI from time to time, our Bank has maintained a higher ratio than prescribed under the guidelines. For details, see "*Selected Statistical Information – Capital Adequacy*" on page 222.

CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Maturity Profile of our Borrowings and Deposits

For the maturity profile of our borrowings and deposits as at June 30, 2021, see "*Selected Statistical Information –Maturity Profile of our Borrowings ad Deposits*" on page 320.

Tier II Debt

We obtain funds from the issuance of unsecured redeemable non-convertible subordinated debt securities, which qualify as Tier II risk-based capital under the RBI's guidelines for assessing capital adequacy. Our Tier II debt was ₹ 2,147.40 million, ₹ 1,607.20 million, ₹ 1,921.20 million, ₹ 1,607.20 million, and ₹ 1,776.80 million as at June 30, 2021, June 30, 2020, March 31, 2021, 2020 and 2019, respectively. The following table sets forth the details of our unsecured non-convertible Tier II debt securities outstanding as at June 30, 2021.

SERIES	Date of Allotment	Rate of Interest (%)	Date of Redemption	Amount (₹in million)
11% TIER BONDS SERIES VII	August 25, 2012	11%	August 25, 2022	60.40
11% TIER II BONDS SERIES VIII	May 4, 2013	11%	May 4, 2023	50.30
11% TIER II BONDS SERIES-IX	May 20, 2013	11%	May 20, 2023	31.00
11% TIER II BONDS SERIES-X	May 24, 2014	11%	May 24, 2024	94.70
10.50% TIER II BONDS SERIES-XII	February 17, 2016	10.50%	February 17, 2026	120.00
9.75% TIER II BONDS SERIES-XIV	November 25, 2016	9.75%	November 25, 2026	159.00
9.25% TIER II BONDS SERIES-XV	May 15, 2018	9.25%	May 15, 2028	209.50
10% TIER II BONDS SERIES-XVI	February 28, 2019	10%	February 28, 2029	180.00

SERIES	Date of Allotment	Rate of Interest (%)	Date of Redemption	Amount (₹in million)
10% TIER II BONDS SERIES-XVII	March 31, 2019	10%	March 31, 2029	225.00
11.75% UPPER TIER II BONDS SERIES – XI	March 31, 2015	11.75%	March 31, 2030	140.00
9.25% TIER II BONDS SERIES-XVIII	November 18, 2020	9.25%	November 18, 2030	314.00
11.75% UPPER TIER II BONDS SERIES – XIII	March 30, 2016	11.75%	March 30, 2031	250.00
9.25% TIER II BONDS SERIES-XIX	June 29, 2021	9.25%	June 29, 2031	313.50
TOTAL				**2,147.40**

Perpetual Debt

Our Bank has not issued any perpetual debt, which qualifies for Tier I risk-based capital.

Restrictive Covenants

Some of the corporate actions that require prior consents from certain lenders or written intimation to lenders include, among others, altering our capital structure, changing our current ownership/ control, formulating a scheme of amalgamation, compromise or reconstruction, material change in management, implementing a scheme of expansion, declaration or payment of dividend, and amending constitutional documents. Further, under certain financing agreements, we are required to maintain specific credit ratings and if we fail to do so, it would result in an event of default. We are also required to maintain certain financial ratios and ensure compliance with regulatory requirements, such as maintenance of CAR, qualifying asset norms and ensure positive net worth. For more details, see "*Risk Factors - If we are unable to service our debt obligations in a timely manner or to comply with various financial and other covenants and other terms and conditions of our financing agreements, it may adversely affect our business, credit rating, reputation, prospects, results of operations, cash flows and financial condition*" on page 42.

We are currently in compliance with the financial covenants contained in our financing agreements.

Contingent Liabilities

The components of our contingent liabilities as per AS 29 – 'Provisions, Contingent Liabilities and Contingent Assets' as at the dates indicated are set forth below:

(₹ in million)

Particulars	As at March 31,			As at June 30,	
	2019	2020	2021	2020	2021
Claims against the Bank not acknowledged as debts	-	-	-	-	-
Liability for party paid investments	-	-	-	-	-
Liability on account of outstanding forward exchange contracts	-	-	-	-	-
Guarantees given on behalf of constituents - in India	373.91	321.33	327.14	273.07	300.12
Acceptances, endorsements and other obligations	12.51	13.56	13.16	13.60	13.38

Particulars	As at March 31,			As at June 30,	
	2019	2020	2021	2020	2021
Other items for which the Bank is contingently liable	34.51	35.82	43.21	38.34	45.35
Total Contingent Liabilities	**420.93**	**370.71**	**383.51**	**325.01**	**358.85**

Capital Expenditures

Our capital expenditures are principally for acquisition of fixed assets for expansion of our branch network. We incurred capital expenditures of ₹129.26 million, ₹225.63 million and ₹310.40 million for Fiscals 2021, 2020 and 2019, respectively.

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties. For details of our related party transactions as per AS 18 – 'Related Party Disclosures' read with the SEBI ICDR Regulations, see "*Other Financial Information – Related Party Transactions*" on page 294. For a summary of these related party transactions, see "*Offer Document Summary – Summary of related party transactions*" on page 18.

Non-cancellable Operating Lease Obligations

The table below sets forth our non-cancellable operating lease obligations as at June 30, 2021 for payments due in the specified periods.

(₹ in million)

Contractual Obligations	Payments due by period			
	Total	Less than 1 year	1 year to 5 years	More than 5 years
Lease rental commitments	70.04	12.77	25.00	32.27

Quantitative and Qualitative Disclosures about Market Risks

We are exposed to various types of market risks during the normal course of business such as credit risk, liquidity risk, operational risk, market and interest rate risk, information security and cyber risk, and reputational risk.

Credit Risk

Credit risk is defined as the possibility of losses due to default by the borrowers and/or reduction in the value of the portfolio due to deterioration of credit quality of borrowers or counterparties. We have set up a defined credit risk management framework in order to ensure a proper control over credit portfolio of the Bank. Our credit risk policy is approved by our Board after considering various risk prepositions and prevailing market conditions.

The Risk Management Committee of our Board manages implementation of credit risk management framework and provides recommendations to the Board. Further, we have also constituted the credit risk management committee of executives to execute and ensure implementation of credit risk management under the framework of our Risk Management Committee. It ensures implementation of credit risk management policy and procedures, as approved by the Board and recommends changes thereto, considering any changes in the regulatory instructions, business or economic conditions. It also monitors the quality of our loan portfolio at periodic intervals, identifies problem areas and instructs business units with directions to rectify the deficiencies.

The credit risk division of our risk management department implements policies and processes for credit risk identification, assessment, measurement, monitoring and control. Credit risk parameters and credit exposure and concentration limits are set by the Board, based on regulatory guidelines. The credit risk division constructs credit risk identification systems, monitors the quality of our loan portfolio, identifies problem and undertakes asset quality reviews and submits its analysis and reports to the Risk Management Committee on an on-going basis. Our credit risk division endeavours to capture early warning signals in our loan portfolio for identification of weak exposures, suggests remedial measures and monitors the actions taken.

We have adopted a robust risk management framework to ensure that delinquencies in our loan portfolio are kept at a minimum. The GNPA in our loan portfolio was 2.48%, 2.08%, 1.76% and 1.30 % respectively as on the three months ended June 30, 2021 and the Fiscals ended March 31, 2021, 2020 and 2019.

Market Risk

Market risk refers to the risk resulting from movements in market prices, and in particular, changes in interest rates, foreign exchange rates and equity and commodity prices. Thus, market risk is the risk to our earnings and capital due to changes in the market level of interest rates or prices of securities, foreign exchange and equities, as well as the volatilities of those changes.

Our Board is responsible for the overall risk management of our Bank. The Risk Management Committee reviews and assesses the exposure of our Bank to various market risks and outlines various polices. The market risk in our trading book is regulated by our Board-approved investment policy and trading policy which seeks to ensure that all the transactions undertaken are in accordance with prudent business practices and regulatory guidelines issued by the RBI from time to time and are compliant with internal guidelines.

The primary components of market risk are discussed below.

(i) *Interest rate risk*

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustments within a specified period. The most important source of interest rate risk is our lending, funding and investment activities, where fluctuations in interest rates are reflected in interest margins and earnings. Internal factors include the composition of assets and liabilities, borrowings, loans and investments, quality, maturity and interest rates. External factors include the general economic and monetary conditions. While the immediate impact of this risk is on Net Interest Income and the value of fixed income investments, in the long term, variations in interest rates impact our net worth, since it has an impact on the economic value of our assets, liabilities and off-balance sheet positions. Various tools are used by us to manage interest rate risk as said out below:

1. Traditional gap analysis ("**IRS TGA**"): IRS TGA checks the impact of change in the interest rate on Net Interest Income during a shorter time horizon; and

2. Duration gap analysis ("**IRS DGA**"): IRS DGA assesses the impact of interest rate movement on the Market Value of Equity (MVE) i.e. the net-worth of the Bank.

(ii) *Liquidity risk*

Liquidity refers to our ability to fund a decrease in liabilities or increase in assets and meet both cash and collateral obligations at a reasonable cost without adversely affecting our financial status. Liquidity risk arises when we are unable to meet such obligations. Liquidity risk is dependent on specific factors, such as maturity profile, composition of sources and uses of funding, the quality and size of the liquid asset buffer, and broader market factors such as wholesale market conditions alongside depositor and investor behaviour. This type of risk may result in our failure to meet regulatory liquidity requirements, support normal banking activity or, at worst, cease to be an ongoing concern. Various tools are used by us to manage liquidity position are set out below:

- *Structured Liquidity Statement*: To project the inflows and outflows of assets and liabilities in various time buckets; accessing the behavioural pattern of assets and liabilities and adhering to the limits of cash-flow mismatches to have adequate liquidity cushion across the maturity buckets.

- *Liquidity Coverage Ratio*: Prescribed by RBI, this includes managing the next 30-day bucket of asset and liability on daily basis to avoid any sudden shock on the liquidity position.

- *Contingent Funding Plan:* To have an ongoing access to on-tap liquidity facilities from sources like other banks and financial institutions and avenues provided by the RBI such as MSF, ASISO etc.

- *Dynamic Liquidity Statement*: To anticipating the future funding requirements and analyzing the same.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic risk and reputational risk. While operational risk management is the responsibility of various functions and business units handling operational activities, it is overseen at executive level by the Risk Management Committee.

The Risk Management Committee mitigates operational risk by creation and maintenance of an explicit operational risk management process. It conducts detailed reviews of all operational risk exposures and focuses on all operational risk issues.

The Risk Management Committee reviews the risk profile to take into account future changes and threats, and concurs on areas of high priority and related mitigation strategies with different departments and business units. The committee ensures, among others, (a) identification and management of operational risk; (b) evaluation and prioritization of risk by implementation of operational risk strategy; (c) monitoring and review of operational risk effectiveness.

Information Security Risk and Cyber Security Risk

Oversight of information security governance is the responsibility of the Board. The Information Technology Strategy Committee is a board level committee which oversees the security governance of our Bank. The Information Security Governance Committee monitors, reviews, directs and manages our information security risk management system by establishing a robust information security risk management framework. We have also constituted an Information Technology Steering Committee and Information Security Steering Committee of Executives (ISSCE) which are the executive level committees headed by our Chief Operating Officer and Chief Financial Officer and our Managing Director and Chief Executive Officer, having independent roles and responsibilities.

Our information security policy and cyber security policy are approved and periodically reviewed by the Board. The Chief Information Security Officer is responsible for articulating and enforcing the policies that we use to protect our information assets for coordinating with relevant external agencies on the information security related issues.

Reputational Risk

Reputation risk is the risk of the loss arising from the adverse perception of the image of our Bank by our customers, counterparties, investors or regulators. This is particularly significant given that our business involves ensuring customers that we are credible and can offer basic, secure services expected by them. This risk typically follows once other risks materialize. It compounds the effect of other risks, such as strategy, fraud and regulatory risks.

Reputational risks, if materialized, could affect our ability to establish new relationships or services or continue servicing existing relationships, expose us to litigation, financial loss, or a decline in our customer base. Reputational risk exposure is present throughout our Bank and includes the responsibility to exercise abundant caution in dealing with our customers and the community.

Total turnover of each major industry segment in which the Bank operated

We are primarily engaged in the banking business. For further information, see "*Industry Overview*" beginning on page 112, and for information on segment reporting for Fiscal 2019, 2020 and 2021, and the three months ended June 30, 2021, see "*Financial Statements – Segment Reporting*" on page 238.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Significant Economic Changes that materially affects or are likely to affect Total Income

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect our total income identified above in " *– Significant Factors Affecting Our Financial Condition, Results of Operations and Cash Flows*" and the uncertainties described in "*Risk Factors*" on pages 297 and 44, respectively.

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*– Significant Factors Affecting Our Financial Condition, Results of Operations and Cash Flows*" and the uncertainties described in "*Risk Factors*" on pages 297 and 44, respectively. To our knowledge, except as discussed in this Draft Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from total income.

Future Relationship between Cost and Revenue

Other than as described elsewhere in the sections "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 24, 139 and 295, respectively, to our knowledge, there are no known factors that will have a material adverse impact on our operations and financial condition.

New Products or Business Segments

Other than as disclosed in this section and in "*Our Business*" on page 139, there are no new products or business segments that have or are expected to have a material impact on our business, financial condition, results of operations and cash flows.

Dependence on a Few Customers or Suppliers

We are not dependent on a few customers or suppliers. As at June 30, 2021, our Bank had a concentration of 2.51% and 3.18% to its top 10 deposit holders and borrowers respectively.

Seasonality of Business

Our business is not seasonal in nature.

Competitive Conditions

We operate in a competitive environment. See "*Industry Overview*", "*Risk Factors – The Indian finance industry is intensely competitive and if we are unable to compete effectively it would adversely affect our business, financial condition, results of operations and cash flows.*" and "*Our Business – Competition*" on pages 35 and 159 respectively, for further information on our industry and competition.

Material Developments after June 30, 2021

Except as noted below, in the opinion of our Directors, no circumstances have arisen since June 30, 2021 that would materially and adversely affect or are likely to affect, within the next 12 months: (a) our trading or profitability; (b) the value of our assets; or (c) our ability to pay our liabilities.

CAPITALISATION STATEMENT

The following table sets forth our Bank's capitalization as at June 30, 2021 derived from Restated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Risk Factors*" on pages 295 and 24, respectively.

(₹ *in million*)

Particulars	Pre-Offer as at June 30, 2021 (A)	Adjusted for the Proposed Offer*(B)
Borrowings (A)#	**5,424.40**	**[●]**
Share Capital		
Capital	340.03	[●]
Total Share Capital (B)	**340.03**	[●]
Reserves and Surplus		[●]
Statutory Reserves	573.18	[●]
Capital Reserves	0.16	[●]
Special Reserves	18.38	[●]
Investment Reserves Account	13.00	[●]
Investment Fluctuation Reserve	67.95	[●]
Share Premium Account	2,225.56	[●]
Revenue and Other Reserves	19.06	[●]
Balance in Profit & Loss Account	1,384.71	[●]
Total Reserve and Surplus (C)	**4,302.00**	**[●]**
Total Shareholder's fund (D = B+C)	**4,642.03**	**[●]**
Total borrowings/ Total Shareholder's Fund(A) / (D)	**1.17**	**[●]**

* *The corresponding post-Offer capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building process and hence the same have not been provided in the above statement.*

Borrowings represent borrowings as at June 30, 2021 as per Restated Financial Information. It does not include deposits.

FINANCIAL INDEBTEDNESS

Our Bank avails loans in the ordinary course of business for the purposes of refinance under the 'scheme for financial assistance by way of refinance to small finance banks' and off-balance sheet exposure such as overdraft facility, bank guarantee and letter of credit. Our Bank has also issued multiple series of unsecured redeemable Non-Convertible Debentures ("**NCDs**") to various subscribers for strengthening our capital adequacy and enhancing our long-term resources.

Our Shareholders have authorised our Board to borrow such sums of money as may be required for the purpose of the business of our Bank. For details regarding the borrowing powers of our Board, please see "*Our Management – Borrowing Powers of Board*" on page 191.

Set forth below is a brief summary of our aggregate borrowings as of September 30, 2021:

(₹ in million)

Category of borrowing	Sanctioned amount	Outstanding amount*
Refinance		
Secured	5,210.00	3,307.10
Others		
Non-convertible debentures		
- Lower Tier II Bonds	1,757.40	1,757.40
- Upper Tier II Bonds	390.00	390.00
Total	**7,357.40**	**5,454.50**

* *As certified by the Statutory Auditors pursuant to the certificate dated October 30, 2021*

Off Balance Sheet Exposures

(₹ in million)

Category of borrowing	Sanctioned amount	Outstanding amount*
Bank guarantee / Letter of credit	411.87	13.36
Overdraft facility	660.00	-
Total	**1,071.87**	**13.36**

* *As certified by the Statutory Auditors pursuant to the certificate dated October 30, 2021*

Principal terms of the subsisting borrowings availed by our Bank along with the off-balance sheet exposure:

1. ***Interest:*** The interest rates for the refinance facility availed by our Bank typically ranges from 2.80% per annum to 9.60% per annum. The coupon rate for the NCDs issued by the Bank typically ranges from 9.25% to 11.75% per annum.

2. ***Tenor:*** The tenor of our refinance facility availed by the Bank typically ranges approximately 2 to 3 years. The maturity date of the NCDs issued by the Bank is typically 10 years for lower tier II and 15 years for upper tier II bonds.

3. ***Security:*** The secured loans are typically secured by way of book debts in respect of financial assistance made available to micro credit beneficiaries, micro and small enterprises by the bank for which refinance assistance has been extended by the lenders

   The NCDs issued by our Bank are unsecured.

4. ***Pre-payment****:* Refinance facility availed by our Bank have pre-payment provisions which allow for pre-payment of the outstanding loan only if the underlying assets have been prepaid. One of the refinance facility availed by our Bank allows for prepayment by serving notice of three days to the lender and subject to payment of pre-payment penalty of 2.5% per annum chargeable for each instalment due separately for the entire period from date of prepayment to date on which the instalment was actually due for payment.

5. ***Re-payment:*** The repayment period for the refinance facilities availed by us typically ranges from monthly to half yearly instalments. The NCDs issued by our Bank are typically redeemable after 10 years of allotment.

6. ***Events of Default:*** Off-balance sheet exposure arrangements entered into by our Bank contain standard events of default, including among others:

   a) Failure to pay any sum payable under the facilities on the due dates;

   b) Failure to perform or comply with any obligations or terms and conditions under the facilities by our Bank;

   c) Incorrect or misleading representation, warranty or statement under the facility documents;

d) Occurrence of a material adverse change;

e) Cross default in any indebtedness

Except for the debentures issued under Series XIII, there are no events of defaults. The following are events of defaults under the Series XIII NCDs issued by us:

a) Default in payment of principal sums;

b) Continuing default in payment of any instalment of interest up to thirty days;

c) Default in performance of covenants, conditions or agreement by our Bank;

d) Initiation of proceedings against our Bank under any bankruptcy or insolvency law;

e) Unable to pay its debts on maturity;

f) Misleading or incorrect information in application for bonds, reports and other information furnished.

This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by our Bank.

7. ***Consequences of occurrence of events of default:*** In terms of our off-balance sheet exposure arrangements, the following, among others, are the consequences of occurrence of events of default, whereby the lenders may:

a) Terminate or suspend the facility with immediate effect;

b) Repay all outstanding amount under the facility on demand or exercise right to realise the security.

In terms of the Series XIII NCDs issued by the Bank, the following are consequences of events of default, whereby the trustee may:

a) Take up the matter regarding default with our Bank;

b) Initiate necessary steps towards recovery of dues in terms of statutory/regulatory guidelines.

This is an indicative list and there may be such other additional terms under the various borrowing arrangements entered into by our Bank.

For the purpose of the Offer, our Bank has intimated our lenders as required under the relevant loan documentations for undertaking activities relating to the Offer including consequent actions, such as change in our capital structure, change in the management, change in promoter shareholding of our Bank, etc.

Set out below are the details of non-convertible bonds issued by our Bank which are listed on the debt segment of BSE:

Series of Non-Convertible Debentures	**Coupon Rate**	**ISIN**	**Face Value (In ₹)**	**Amount (In ₹ million)**
Unsecured Redeemable Non-Convertible (Upper Tier II), Basel I Compliant Bonds 2014-15 (Series XI)	11.75%	INE646H08012	1,000,000	140.00
Unsecured Redeemable Non-Convertible (Upper Tier II), Basel I Compliant Bonds 2015-16 (Series XIII)	11.75%	INE646H08020	100,000	250.00

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as disclosed in this section, there is no outstanding (i) criminal proceeding; (ii) action taken by regulatory or statutory authorities; (iii) claim related to direct and indirect taxes (in a consolidated manner); and (iv) other pending litigation, including direct and indirect tax claims which exceed the materiality threshold (on an individual basis), as determined to be material as per the policy dated September 23, 2021, approved by the Board of Directors, in each case involving our Bank, its Promoters and Directors ("**Relevant Parties**"). Further, except as disclosed in this section, there are no disciplinary actions including penalties imposed by SEBI or the Stock Exchanges against our Promoters in the last five financial years including any outstanding action.*

For the purpose of material litigation in (iv) above, our Board has considered and adopted the following policy on materiality with regard to outstanding litigation pursuant to the Board resolution dated September 23 , 2021:

All outstanding litigation, including any litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years, would be considered 'material' if: (i) the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of 2.5% of the profit after tax of the Bank as per the latest Restated Financial Information (i.e. ₹10.19 million); or (ii) where monetary liability is not quantifiable, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects or reputation of the Bank.

It is further clarified that our Bank has initiated recovery proceedings against several borrowers under the SARFAESI Act for recovery of amounts due from them. Given that the underlying loans have been declared as NPAs by the Bank and adequate provisions have been provided for in our Restated Financial Information, disclosures in respect of such matters (including matters where the monetary amount of claim sought by the Bank is in excess of ₹10.19 million) have been made in a consolidated manner.

Except as stated in this section, there are no outstanding material dues to creditors of our Bank. For this purpose, our Board has pursuant to the Board resolution dated September 23, 2021, considered and adopted a policy of materiality for identification of material outstanding dues to creditors. In terms of this materiality policy, outstanding dues to any creditor of the Bank having monetary value which exceeds ₹1.00 million as on the date of the latest Restated Financial Information of our Bank disclosed in the Offer Documents (including for the stub period, if any), shall be considered as 'material'. Accordingly, as on September 23, 2021, any outstanding dues exceeding ₹1.00 million have been considered as material outstanding dues for the purposes of disclosure in this section. For outstanding dues to any micro, small or medium enterprise, the disclosure shall be based on information available with the Bank regarding the status of the creditor as defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended read with the rules and notifications thereunder, as has been relied upon by its statutory auditors.

It is clarified that for the purposes of the above, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) shall, unless otherwise decided by our Board, not be considered as material until such time that the Relevant Parties, as applicable, is impleaded as defendant in litigation proceedings before any judicial forum.

Litigation involving our Bank

Litigation against our Bank

Civil Litigation

1. M/s. S.R. Impex Limited (the "**Plaintiff**") initiated a civil suit against HDFC Bank Limited ("**Respondent 1**"), SIMS COPPER SDN-BHD ("**Respondent 3**"), Malayn Banking and our Bank ("**Respondents**") before the Civil judge (Senior Division), Jalandhar seeking, *inter alia*, a declaration to the effect that the Plaintiff is not obliged to pay an amount of ₹13.75 million to Respondent 3 for purchase of certain material, as Respondent 3 had failed to dispatch the requisite material under an invoice dated November 29, 2011. The Plaintiff alleged that the Respondent 3 had sent fraudulent documents, claiming that the requisite material had been dispatched, thereby, asking for the release of the payment under the terms of the letter of credit dated November 24, 2011 issued by Respondent 1 for our Bank. The Plaintiff further submitted that they apprised Respondent 1 of the attempted fraud committed by Respondent 3 and that despite the evidence of fraud, Respondent 1 insisted on making payment under the letter of credit. The Plaintiff thus further sought a permanent injunction restraining Respondent 1 and our Bank from paying any amount to Respondent 3 under the terms of the letter of credit due to the alleged non-performance of obligations under the invoice. The matter is currently pending.

Criminal Litigation

As of the date of this Draft Red Herring Prospectus, there is no outstanding criminal litigation against our Bank.

Actions taken by Regulatory and Statutory Authorities

a. Our Bank received a show cause notice dated June 22, 2021 (the "**SCN**") from the General Manager, Enforcement, IRDAI, (the "**Authority"**) under the IRDAI (Registration of Corporate Agents) Regulation, 2015 (the "**Regulations**") alleging violation of certain provisions of the Regulations in relation to incomplete information in the proposal forms and appointment of untrained and unauthorised persons to bring general insurance business for our Bank. We responded to the SCN on July 13, 2021 clarifying that there were only 4 out of 30,000 proposal forms which were not duly signed by the policy holders as alleged in the SCN and we had obtained the required consents of the policy holders and the solicitation of the general insurance business is being done by the specified persons and not by the staff appointed by insurer as alleged in the SCN. The matter is currently pending.

Litigation by our Bank

Civil Litigation

1. Our Bank initiated an arbitration proceeding against M/s Bedi Export House, Gursajjan Bedi, Priyadarshani and Kashmir Singh (collectively, the "**Respondents**") before Kapil Batra, Sole Arbitrator, New Courts, Jalandhar in relation to the default committed by the Respondents in repaying a loan of ₹60.88 million (inclusive of interest) availed by the Respondents vide an agreement of hypothecation of goods and book debts to secure cash credit facility dated October 1, 2015 ("**Loan Agreement**"). The Respondents utilised the entire credit facility but failed to adhere to our Bank's financial discipline and committed default in terms of the Loan Agreement as a result of which a debit balance of ₹60.88 million was outstanding against them along with the agreed rate of interest. Although, the Respondents in their reply denied the existence of arbitration clause in the Loan Agreement. The Respondents have filed a petition under the Arbitration and Conciliation Act, 1996 before the Court of District Judge, Amritsar, challenging the appointment of Sole Arbitrator.

   Our Bank has also initiated action under Section 13(2) of the SARFAESI Act on September 9, 2019 against M/s Bedi Export House. On February 26, 2020 the Additional District Magistrate, Amritsar sent a letter to the Commissioner of Police, Amritsar-2 asking the police to provide assistance to our Bank in taking possession of the secured assets of the Respondents in accordance with the provisions of the SARFAESI Act. Further, on November 13, 2020, Additional District Magistrate, Ludhiana, passed an order for Tehsildar, Ludhiana (East) to take the possession of the secured assets of the Respondents in accordance with the provision of the SARFAESI Act in order to recover the loan amount due to the Bank. This matter is currently pending.

2. Our Bank initiated an arbitration proceeding against M/s Satbir Tractors, ("**Satbir Tractors**"), Satbir Singh, Parveen Kaur, Sandeep Kaur and Taljit Singh Sandhu, (collectively, the "**Respondents**") before Sukhjit Singh Jolly, Arbitrator, Jalandhar seeking repayment of a sum of ₹25.97 million from the Respondents, among other reliefs, in relation to the loan facility availed by the Respondents from our Bank secured pursuant to the agreement of hypothecation of goods and book debts dated April 10, 2014 which was further secured by way of equitable mortgage of property owned by some of the Respondents. Subsequently, the account of the Respondents was classified as a non-performing asset by our Bank. An award was passed on June 20, 2017 in favour of our Bank for ₹25.97 million, among other reliefs including first lien over the property mortgaged by way of equitable mortgage. Our Bank has filed application for execution of the arbitral award. The matter is currently pending.

   Our Bank also initiated action against under Section 13(2) of the SARFAESI Act on August 10, 2015. The High Court of Punjab and Haryana pursuant to an order dated October 1, 2015 has accepted the petitioner's offer of proceeding with the sale of the mortgaged property for recovery of outstanding amount against the non performance account of Satbir Tractors within a period of one month. Further, on February 11, 2020, the High Court of Punjab and Haryana passed an order granting the Bank permission to sell the mortgaged property in accordance with the provisions of the SARFAESI Act and recover the loan amount due to the Bank. Accordingly, the said property has been sold pursuant to property sale notice dated February 15, 2020..

3. Our Bank filed initiated an arbitration proceeding against M/s VSB Import Export House, Balbir Kaur, Priyadarshani and Kashmir Singh (collectively, the "**Respondents**") before Kapil Batra, Sole Arbitrator, New Courts, Jalandhar ("**Sole Arbitrator**") seeking repayment of a sum of ₹131.15 million from the Respondents, among other reliefs, in relation to the loan facility of ₹150 million, including bank guarantee interchangeability of not exceeding ₹50.00 million, availed from our Bank which was subsequently enhanced pursuant to agreements executed on May 15, 2018. The Respondents had defaulted on the terms of the loan agreements. The Respondents in their reply denied the existence of arbitration clause in the Agreements. The Respondents have filed a petition under the Arbitration and

Conciliation Act, 1996 before the Court of District Judge, Amritsar, challenging the appointment of Sole Arbitrator. The matter is currently pending.

Our Bank has also initiated action under Section 13(2) of the SARFAESI Act on September 9, 2019 against M/s VSB Import Export House. On February 26, 2020 the Additional District Magistrate, Amritsar-2 sent a letter to the Commissioner of Police, Amritsar asking the police to provide assistance to our Bank in taking possession of the secured assets of the Respondents in accordance with the provisions of the SARFAESI Act. On November 20, 2020, the Additional District Magistrate, Ludhiana sent a letter to Tehsildar, Ludhiana (East) passing an order to handover the possession of the secured assets of the Respondents to our Bank in accordance with the provision of the SARFAESI Act in order to recover the loan amount due to the Bank. The matter is currently pending.

4. Our Bank initiated an arbitration proceeding against M/s Rchem Industries Private Limited, Harish Kumar, Himanshu Dang, Rakesh Kumar, Sandeep Mahajan and Naveen Mahajan, (collectively, the "**Respondents**") before Sukhjit Singh Jolly, Sole Arbitrator, Jalandhar ("**Sole Arbitrator**") seeking from the Respondents to repay sums of ₹5.19 million, ₹2.96 million and ₹19.17 million, in relation to the cash credit facilities and term loans secured by way an equitable mortgage availed by the Respondents from our Bank. Subsequently, the Respondents defaulted on certain terms and conditions of the loan and facility agreements. Pursuant to the proceedings initiated by our Bank, awards dated September 9, 2020, September 28, 2020 and September 14, 2020 for recovery of outstanding amounts have been passed in favour of the Bank and fresh notices have been issued to certain Respondents for the execution of the awards.

   Our Bank has also initiated action under section 13(2) of the SARFAESI Act against M/s Rchem Industries Private Limited on July 24, 2019 pursuant to which it filed an application before the District Magistrate on January 20, 2020 to take physical possession of one of the immovable properties mortgaged in favour of our Bank. On September 30, 2020 the Office Cum District Magistrate, Hoshiarpur sent a letter to the Senior Superintendent of Police, Hoshiarpur asking the police to provide assistance to our Bank in taking possession of the secured assets of the Respondents in accordance with the provisions of the SARFAESI Act. The matter is currently pending.

5. Our Bank initiated an arbitration proceeding against Ghuman Tractors, Daljit Singh and Jaspal Singh (collectively, the "**Respondents**") before Sukhjit Singh Jolly, Sole Arbitrator, New Courts, Jalandhar ("**Sole Arbitrator**") seeking repayment of ₹12.31 million (inclusive of interest) in relation to a credit facility of ₹10 million availed by the Respondents and secured by an agreement of hypothecation of goods and book debts dated February 14, 2015 ("**Loan Agreement**"). An award was passed on June 12, 2019 in favour of our Bank for ₹14.14 million inclusive of penal and other interest. On August 23, 2021, the Additional District Judge, Kapurthala passed an order adjourning the proceedings for the execution of award. The matter is currently pending.

6. Our Bank initiated an arbitration proceeding against Rajan Anand, Savita Kumari, Avtar Singh, Daniel, Gurdial Singh (collectively, the "**Respondents**") before Sukhjit Singh Jolly, Sole Arbitrator, New Courts, Jalandhar ("**Sole Arbitrator**") seeking repayment of ₹19.44 million (inclusive of interest) in relation to a credit facility of ₹17 million availed by the Respondents vide a loan agreement dated December 12, 2015 ("**Loan Agreement**") and secured by way of mortgage over property owned by some of the Respondents. An award was passed on December 30, 2019 in favour of our Bank for ₹19.44 million inclusive of penal and other interest. On May 27, 2021, the Additional District Judge, Kapurthala passed an order adjourning the proceeding for the execution of award. The matter is currently pending.

7. Our Bank initiated an arbitration proceeding against M/s Harinder Hire Purchase Ltd., Maninder Pal Singh. Sarabjit Kaur and Harinder Pal Singh (collectively, the "**Respondents**") before Sukhjit Singh Jolly, Sole Arbitrator, New Courts, Jalandhar ("**Sole Arbitrator**") in relation to the default committed by the M/s Harinder Hire Purchase Ltd.in repayment of ₹21.83 million (inclusive of interest) in relation to credit facility of ₹22.50 million availed by the Respondents vide agreements of hypothecation dated October 5, 2006, September 3, 2007, October 30, 2008 and August 12, 2010 ("**Loan Agreements**") wherein Maninder Pal Singh. Sarabjit Kaur and Harinder Pal Singh guaranteed the repayment under Loan Agreement. An award was passed on June 2, 2020 in favour of our Bank for ₹23.16 million inclusive of interest and penal interest and the Bank's lien over the mortgaged property under the Loan Agreements. Our Bank has filed an application for execution of the arbitral award. The Additional District and Sessions Judge -IX, pursuant to an order dated September 16, 2019 adjourned the execution proceedings. The matter is currently pending.

8. Our Bank initiated an arbitration proceeding against M/s Shree Sai Timbers, Vishal Sachdeva, Vikas Sachdeva, Meena Sachdeva, Gaganjeet Singh (collectively, the "**Respondents**") before Sukhjit Singh Jolly, Sole Arbitrator, New Courts, Jalandhar ("**Sole Arbitrator**") seeking repayment of a sum of ₹11.70 million from the Respondents, among other reliefs, in relation to the loan facility of ₹8.5 million, availed from our Bank vide agreement of executed dated December 31, 2014 which was subsequently enhanced to ₹11.0 million pursuant to agreements executed on June 22, 2015. Our Bank filed an arbitration petition on July 19, 2020 for recovery of outstanding amount. The matter is currently pending.

9. Our Bank initiated an arbitration proceeding against M/s. Harinder Investments Limited, Maninder Pal Singh, Sarabjit Kaur and Harinder Pal Singh (collectively, the "**Respondents**") before Sukhjit Singh Jolly, Sole Arbitrator, Jalandhar ("**Sole Arbitrator**") seeking repayment of a sum of ₹17.57 million from the Respondents, among other reliefs, in relation to the loan facility availed by M/s. Harinder Investments Limited from our Bank pursuant to agreements of hypothecation and other moveable assets dated July 25, 2006, September 3, 2007, October 30, 2008 and August 12, 2010 which was further secured by way of equitable mortgage of property owned by Harinder Pal Singh . The Respondents defaulted in making regular payments as agreed. An award was passed on June 3, 2020 in favour of our Bank for ₹13.97 million, among other reliefs including first lien over the property mortgaged by way of abovementioned mortgage. Our Bank has initiated proceedings for execution of the award. The matter is currently pending.

10. Our Bank initiated an arbitration proceeding against Haripal Singh Sandhu and Prit Pal Singh (collectively, the "**Respondents**") before Devinder Kumar Gupta, Sole Arbitrator, Jalandhar ("**Sole Arbitrator**") seeking repayment of a sum of ₹10.45 million from the Respondents, among other reliefs, in relation to the loan facility availed by the Respondents from our Bank pursuant to agreement of hypothecation of standing crops and moveable assets dated May 26, 2017 which was further secured by way by way of equitable mortgage of property owned by some of the Respondents. The Respondents had defaulted in making payment of amount due as agreed. On April 27, 2021, the Bank filed an arbitration petition seeking repayment of amount due among other reliefs. The matter is currently pending.

11. Our Bank initiated an arbitration proceeding against M/s. Shree Krishna Lumbers, Vikas Sachdeva, Vishal Sachdeva, Meena Sachdeva and Raman Arora (collectively, the "**Respondents**") before Sukhjit Singh Jolly, Sole Arbitrator, New Courts, Jalandhar ("**Sole Arbitrator**") seeking repayment of a sum of ₹10.55 million from the Respondents, among other reliefs, in relation to the loan facility of ₹10.00 million availed by the Respondents from our Bank pursuant to the agreement of hypothecation of goods and book debts dated April 8, 2015 which was further secured by way of equitable mortgage of property owned by some of the Respondents. The Respondents had defaulted in terms of the agreement and failed in making payment of amount due as agreed. Our Bank has filed an arbitration claim petition for recovering of the outstanding amount. The matter is currently pending.

12. Our Bank initiated an arbitration proceeding against Prabhdial Singh, Jaspreet Singh and Arvind Bhullar (collectively, the "**Respondents**") before Devinder Kumar Gupta, Sole Arbitrator, New Courts, Jalandhar ("**Sole Arbitrator**") seeking repayment of a sum of ₹11.90 million from the Respondents, among other reliefs, in relation to the loan facility availed by the Respondents from our Bank pursuant to agreement of hypothecation of standing crops and moveable assets dated July 5, 2017 which was further secured by way of equitable mortgage of property owned by some of the Respondents. The Respondents had defaulted in terms of the agreement and failed in making payment of amount due as agreed. An award was passed on July 12, 2021 in favour of our Bank for ₹11.90 million, among other reliefs including first lien over the property mortgaged by way of equitable mortgage. The matter is currently pending.

13. Our Bank initiated an arbitration proceeding against Satinder Singh and Gurinderpal Singh (collectively, the "**Respondents**") before Sukhjit Singh Jolly, Sole Arbitrator, New Courts, Jalandhar seeking repayment of a sum of ₹13.42 million from the Respondents, among other reliefs, in relation to the loan facility of ₹9.50 million availed by the Respondents from our Bank pursuant to agreement for hypothecation of standing crops and moveable assets dated November 26, 2014. The Respondents had defaulted on the terms of the agreement and failed in making payment of amount due as agreed. Our Bank has filed an arbitration claim petition for recovery of outstanding amount. The matter is currently pending.

14. Our Bank initiated an arbitration proceeding against Avtar Singh, Kamaljit Singh and Kulwinder Singh (collectively, the "**Respondents**") before Sukhjit Singh Jolly, Sole Arbitrator, Jalandhar ("**Sole Arbitrator**") seeking repayment of a sum of ₹11.99 million from the Respondents, among other reliefs, in relation to the loan facility of ₹5 million availed by the Respondents from our Bank pursuant to the loan agreement including agreement of hypothecation on standing crops and other moveable assets dated April 9, 2015 which was further enhanced to ₹9 million pursuant to loan agreements dated November 13, 2015 . The Respondents had defaulted in making regular payments due as agreed. An award was passed on March 16, 2020 in favour of our Bank for ₹11.97 million, among other reliefs including first lien over the property mortgaged by way of equitable mortgage. On August 11, 2021, Additional District Judge – 3 passed an order adjourning the hearing of the execution proceeding. The matter is currently pending.

15. Our Bank initiated an arbitration proceeding against Satnam Singh and Ranjit Singh (collectively, the "**Respondents**") before Sukhjit Singh Jolly, Sole Arbitrator, Jalandhar, ("**Sole Arbitrator**"), seeking repayment of a sum of ₹14.52 million from the Respondents, among other reliefs, in relation to the credit facility of ₹12.50 million availed by the Respondents from our Bank pursuant to the loan agreements dated December 30, 2016 which was further secured by way of equitable mortgage of property/agricultural land owned by one of the Respondents. The Respondents had defaulted in making regular payments due as agreed. Our Bank has filed an arbitration claim petition for recovery of outstanding amount. The matter is currently pending.

16. Our Bank has initiated an arbitration proceeding against M/s Amritsar Golden Transport and others, (collectively, the "**Respondents**") before Davinder Kumar Gupta, Arbitrator, Jalandhar ("**Sole Arbitrator**") seeking repayment of a sum of ₹27.98 million from the Respondents, among other reliefs, in relation to the credit facility of ₹33.20 million availed by the Respondents from our Bank pursuant to the loan agreement dated October 24, 2017. Our Bank has filed an arbitration claim petition against the Respondents. The matter is currently pending.

17. Our Bank initiated an arbitration proceeding against Ranjit Singh, Amarjit Singh and Kamaljit Kaur (collectively, the "**Respondents**") before Sukhjit Singh Jolly, Sole Arbitrator, Jalandhar ("**Sole Arbitrator**") seeking repayment of a sum of ₹19.03 million from the Respondents, among other reliefs, in relation to the loan facility of ₹15.00 million availed by the Respondents from our Bank pursuant to the loan agreement including agreement of hypothecation on standing crops and other moveable assets dated September 29, 2015. The Respondents had defaulted in making regular payments due as agreed. An award was passed on February 19, 2021 in favour of our Bank for ₹19.03 million, among other reliefs including first lien over the property mortgaged by way of registered mortgage. The Additional District Judge has adjourned the hearing of the execution proceeding and the matter is currently pending.

18. Our Bank initiated an arbitration proceeding against Faquir Singh through legal representatives, Ram Tirath Singh and Khushwant Singh (collectively, the "**Noticees**") seeking repayment of a sum of ₹11.07 million from the Respondents, among other reliefs, in relation to the loan facility of ₹9.00 million availed by the Respondents from our Bank pursuant to the loan agreements including agreement of hypothecation on standing crops and other moveable assets dated October 4, 2014. The Noticees had defaulted in making regular payments due as agreed. Our Bank has served a notice to the Respondents for appointment of arbitrator. The matter is currently pending.

19. Our Bank initiated an arbitration proceeding against Ranjit Singh, Amarjit Singh and Kamaljit Kaur (collectively, the "**Respondents**") before Sukhjit Singh Jolly, Sole Arbitrator, Jalandhar ("**Sole Arbitrator**") seeking repayment of a sum of ₹11.70 million from the Respondents, among other reliefs, in relation to the loan facility of ₹19.00 million availed by the Respondents from our Bank pursuant to the agreement of term loans and agreement for hypothecation for small loans/consumer durables/WCTL/machinery loans dated April 03, 2014. The Respondents had defaulted in making regular payments due as agreed. An award was passed on February 19, 2021 in favour of our Bank for ₹11.70 million, among other reliefs including first lien over the property mortgaged by way of registered mortgage. The Additional District Judge, Jalandhar has adjourned the hearing of the execution proceeding, and the matter is currently pending.

Criminal Litigation

There are 134 cases filed by our Bank pending before various forums across the country for alleged violation of Section 138 of Negotiable Instruments Act, 1881 for recovery of amounts due to our Bank for which cheques issued in favour of our Bank by our customers/debtors have been dishonoured. The total pecuniary value involved in all these matters aggregates to ₹108.37 million.

Recovery proceedings under the SARFAESI Act

Our Bank is presently involved in 88 matters in relation to recovery of amounts under the SARFAESI Act. Our Bank has filed notices in 88 matters for enforcement of security interest under section 13 and section 14 of the SARFAESI Act, to exercise the right over secured assets for recovery of amounts due from various borrowers of the Bank ("**Borrowers**"), whose accounts have been classified as non-performing assets, due to default in repayments. The total pecuniary value involved in 82 matters aggregates to approximately ₹420.18 million (to the extent ascertainable). The matters are currently pending at various stages.

Tax Claims

Except as disclosed below, there are no claims related to direct and indirect taxes, involving our Bank, Directors and Promoters.

Nature of case	Number of cases	Amount involved (₹ in million)
Bank		
Direct Tax	1	12.21
Indirect Tax	-	-

Tax matters involving our Bank above the materiality threshold

Direct tax

The Income-Tax Department ("**Department**") *vide* notice dated September 3, 2015 initiated assessment proceedings against the income tax return filed by our Bank in the Assessment Year 2014-15. The Department *vide* order dated December 5, 2016 added ₹26.33 million, which had been claimed as a deduction under the head 'depreciation on investments', and addition of ₹9.58 million, which had been claimed as a deduction under the head 'broken period interest' to the total income of our Bank and initiated penalty proceedings for the recovery of this amount along with interest. Thereafter, an appeal was filed on December 26, 2016 by our Bank against the order of the Department with the Commissioner of Income Tax (Appeals), Jalandhar ("**CIT(A)**"). The CIT(A) *vide* order dated March 22, 2017 allowed the appeal and deleted the addition made by the Department, observing that the position regarding claiming deduction under the head 'depreciation on investments' had previously been settled in a similar case against our Bank. Subsequently, the Department filed an appeal against the order of the CIT(A) with the Income Tax Appellate Tribunal, Amritsar ("**ITAT**"). The ITAT *vide* order dated February 21, 2018 agreed with the observation made by the CIT(A) and dismissed the appeal. The Bank has filed an appeal against the ITAT order before the High Court of Punjab and Haryana. The matter is currently pending.

Outstanding dues to Creditors

As at June 30, 2021, the total number of creditors of our Bank was 7 and the total outstanding dues to these creditors by our Bank was ₹0.35 million. Our Bank owes an amount of ₹0.03 million to micro, small and medium enterprises ("**MSMEs**") as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

Particulars	***No. of Creditors***	***Amount outstanding (₹ in million)***
Outstanding dues to micro, small and medium enterprises	1	0.03
Outstanding dues to Material Creditors(1)	NIL	Nil
Outstanding dues to other creditors	6	0.32
Total Outstanding Dues	**7**	0.35

(1) For the purpose of reporting of creditors outstanding as on June 30, 2021, provision recognized for expenses in the books of accounts in respect of vendors for which invoices have not been received till June 30, 2021 and not credited in respective vendor's accounts, have not been considered.

As per the materiality policy, creditors of our Bank to whom an amount exceeding ₹1.00 million was owed by our Bank as on September 23, 2021, were considered 'material' creditors. As at June 30, 2021, our Bank does not have any material creditors.

Material Developments

Other than as stated in "*Management's Discussion and Analysis of Financial Condition And Results Of Operations – Material Developments after June 30, 2021*" on page 324, there have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances which materially affect, or are likely to affect, our trading, our performance or profitability or the value of our assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

Set out below an indicative list of approvals obtained by our Bank which are considered material and necessary for the purpose of undertaking its business activities. In view of these key approvals, our Bank can undertake this Offer and its business activities. In addition, certain of our key approvals may have expired or may expire in the ordinary course of business and our Bank has either already made an application to the appropriate authorities for renewal of such key approvals or is in the process of making such renewal applications.

Approvals in relation to our Bank

I. **Incorporation Details**

1. Certificate of incorporation issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh dated May 31, 1999 to our Bank, under the name Capital Local Area Bank Limited.

2. Fresh certificate of incorporation issued by the RoC dated April 15, 2016 to our Bank, consequent upon change of name of our Bank from Capital Local Area Bank Limited to Capital Small Finance Bank Limited.

3. Certificate of commencement of business issued by Registrar of Companies, Punjab, Himachal Pradesh, and Chandigarh dated August 12, 1999.

4. The CIN of our Bank is U65110PB1999PLC022634.

II. **Approvals in relation to the Offer**

For details regarding the approvals and authorisations obtained by our Bank in relation to the Offer, see "*Other Regulatory and Statutory Disclosures - Authority for the Offer*" on page 337.

III. **Key approvals in relation to our Bank**

A. Regulatory approvals

1. In-principle approval issued by the RBI dated October 7, 2015 to convert into a small finance bank in private sector under Section 22 of the Banking Regulation Act, in its former name, Capital Local Area Bank Limited.

2. The RBI has, pursuant to letter dated March 4, 2016 granted approval to our Bank under Section 22(1) of Banking Regulation Act, 1949, to carry on the business of a small finance bank in India, and granted license number MUM:116.

3. The RBI has, pursuant to letter dated February 16, 2017 intimated our Bank of its inclusion in the second schedule to the RBI Act vide notification dated November 8, 2016 published in the Gazette of India dated February 4 - February 10, 2017.

4. License issued by RBI dated April 18, 2017 bearing number FE.CG/AD-II/02/2017 authorising our Bank as an Authorised Dealer – Category II under Section 10 of Foreign Exchange Management Act, 1999, rules, regulations, notifications, directions, orders and circulars issued thereunder.

5. Registration of our Bank as a corporate agent under the IRDAI (Registration of Corporate Agents) Regulations, 2015 and the Insurance Regulatory and Development Authority Act, 1999, pursuant to a certificate of renewal registration dated February 20, 2019 issued by the IRDAI bearing registration number CA0061.

6. Certificate of registration issued by the Pension Fund Regulatory and Development Authority dated November 15, 2019 bearing registration number POP307112019 to our Bank to act as point of presence under the National Pension System for the Atal Pension Yojana under the Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018.

7. The RBI has, pursuant to a letter dated July 4, 2012, permitted our Bank to open one subsidiary general account bearing number SG 019292 and allotted NDS membership No. BYA09292 to our Bank for conducting business in central and state government securities.

8. Clearcorp Dealing Systems (India) Limited has, pursuant to its letter dated June 13, 2017, granted our Bank membership of RBI's NDS-Call System.

9. The RBI has, pursuant to a letter dated June 12, 2017, granted our Bank membership of NDS–Call System.

10. The Central KYC Registry has, pursuant to an e-mail dated December 6, 2019, confirmed the registration of our Bank in the Central KYC Registry with registration code IN4238.

11. The RBI has, pursuant to a letter dated April 25, 2012, granted our Bank membership of the INFINET.

12. The RBI has, pursuant to a letter dated April 24, 2012 notified the admission of our Bank for participation in the NEFT system.

13. The RBI has, pursuant to letter dated August 10, 2012 granted our Bank membership of the RTGS System and opened a RTGS settlement account in the name of our Bank, bearing account number 8724137.

14. The RBI has, pursuant to a letter dated May 16, 2012, permitted our Bank to open a principal current account with the RBI in the name of our Bank.

15. The RBI has, pursuant to letter dated March 30, 2012 granted approval to our Bank for participation in the Centralised Payment Systems i.e., RTGS, NEFT and NECS.

16. The RBI has, pursuant to letter dated February 17, 2020 conveyed its no-objection to our Bank for the distribution of pension products under the Atal Pension Yojana and National Pension Scheme.

17. The RBI has, pursuant to letter dated December 30, 2014 granted approval to our Bank to comm ence and operate mobile banking services.

18. The RBI has, pursuant to a letter dated September 30, 2021, renewed authorisation to our Bank approval to open non-resident rupee accounts in 159 branches with validity till March 31, 2022.

19. The RBI has, pursuant to letter dated August 4, 2017, granted permission to our Bank to open 2 administrative offices in Chandigarh and Delhi.

20. The RBI has, pursuant to letter dated January 14, 2020, granted permission to our Bank to open and maintain NRO and NRI accounts in our 150 branches.

B. Tax related approvals

1. The permanent account number of our Bank is AABCC3632Q.

2. The tax deduction account number of our Bank is JLDC00260B.

3. The GST registration number of our Bank is 03AABCC3632Q1ZO, for the state of Punjab.

4. The Punjab State Development Tax RC number of our Bank is E14AABCC3632Q.

C. Labour related approvals

Our Bank has obtained registrations under various employee and labour related laws including the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Contract Labour (Regulations and Abolition Act), 1970 and the relevant shops and establishment legislations.

Key approvals obtained for the banking outlets

Our Bank has obtained registrations in the normal course of business for its branches, regional offices and head office. across various states in India including licenses for location of business issued by relevant municipal authorities under applicable laws, shops and establishments registrations issued under relevant state legislations and registration under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the Contract Labour (Regulations and Abolition Act), 1970. Our Bank has obtained goods and services tax registrations with the relevant authorities for our banking outlets. Certain approvals may have lapsed in their normal course and our Bank has either made an application to the appropriate authorities for renewal of such registration or is in the process of making such applications.

Key approvals required, but not obtained or applied for

As on the date of this Draft Red Herring Prospectus, there are no key approvals which our Bank was required to obtain or apply for, but which has not been obtained or been applied for.

IV. Intellectual property

As on the date of this Draft Red Herring Prospectus, our Bank owns two registered trademarks with logos and . For further details, see "*Our Business – Intellectual Property*" on page 159.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Our Board has approved the Offer pursuant to the resolution passed at its meeting held on August 18, 2021 and our Shareholders have approved the Fresh Issue pursuant to a resolution passed at the EGM held on October 22, 2021 in terms of Section 62(1)(c) of the Companies Act, 2013. Further, our Board approved the Fresh Issue vide resolution dated October 22, 2021. This Draft Red Herring Prospectus has been approved by our Board pursuant to a resolution passed on October 22, 2021 and IPO Committee on October 30, 2021.

The Offer for Sale has been authorised by each of the Selling Shareholders as follows:

S. No.	Name of the Selling Shareholder	No. of Offered Shares	Date of consent letter	Date of corporate action/board resolution/ power of attorney
Investor Selling Shareholders				
1.	PI Ventures LLP	Up to 337,396 Equity Shares aggregating up to ₹[●] million	October 28, 2021	August 9, 2021
2.	Amicus Capital Private Equity I LLP	Up to 604,614 Equity Shares aggregating up to ₹[●] million	October 29, 2021	August 2, 2021
3.	Amicus Capital Partners India Fund I	Up to 70,178 Equity Shares aggregating up to ₹[●] million	October 29, 2021	August 2, 2021
4.	Oman India Joint Investment Fund II	Up to 836,728 Equity Shares aggregating up to ₹[●] million	October 25, 2021	August 17, 2021
Other Selling Shareholders				
1.	Gurdev Singh Samra (jointly with Balbir Kaur Samra)	Up to 358,500 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 17, 2021
2.	Rashpal Singh (jointly with Surinder Kaur)	Up to 200,000 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 6, 2021
3.	Tarlochan Singh Hyare	Up to 285,000 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 21, 2021
4.	Avtar Singh Samra (jointly with Rashpal Singh Samra)	Up to 132,000 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 8, 2021
5.	Manjoo Sardana	Up to 40,000 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 3, 2021
6.	Gaurav Goel	Up to 15,000 Equity Shares aggregating up to ₹[●] million	August 26, 2021	August 26, 2021
7.	Jasvinder Kaur	Up to 17,000 Equity Shares aggregating up to ₹[●] million	September 5, 2021	September 6, 2021
8.	Darshna Devi	Up to 14,500 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 3, 2021
9.	Rekha Jindal	Up to 3,900 Equity Shares aggregating up to ₹[●] million	September 6, 2021	September 3, 2021
10.	Richa Mahajan	Up to 2,358 Equity Shares aggregating up to ₹[●] million	September 4, 2021	September 4, 2021
11.	Gurnam Singh (jointly with Bahadur Singh and Amrik Singh)	Up to 358,435 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 4, 2021
12.	Ramesh Kaur	Up to 167,200 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 10, 2021
13.	Parminder Singh	Up to 107,333 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 3, 2021
14.	Joginder Singh Dhillon	Up to 97,652 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 2, 2021
15.	Vijay Kumar Bhandari (jointly with Sneh Bhandari)	Up to 40,000 Equity Shares aggregating up to ₹[●] million	September 2, 2021	September 2, 2021
16.	Kuldeep Krishan Sardana (jointly with Suman Sardana)	Up to 40,000 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 3, 2021

S. No.	Name of the Selling Shareholder	No. of Offered Shares	Date of consent letter	Date of corporate action/board resolution/ power of attorney
17.	Jagjit Singh Shergill	Up to 35,000 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 10, 2021
18.	Gurdip Singh Shergill	Up to 35,000 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 13, 2021
19.	Nilam Singh Shergill	Up to 35,000 Equity Shares aggregating up to ₹[●] million	September 3, 2021	September 9, 2021
20.	Anureet Pattar	Up to 7,000 Equity Shares aggregating up to ₹[●] million	August 25, 2021	September 1, 2021
21.	Rajinder Kumar Sehgal (jointly with Neelam Sehgal and Akhil Sehgal)	Up to 293 Equity Shares aggregating up to ₹[●] million	September 4, 2021	September 4, 2021

Our Bank has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI or other Governmental Authorities

Our Bank, Promoters, members of the Promoter Group, Directors, the persons in control of our Bank and the persons in control of our Promoters are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

None of the companies with which our Promoters, Directors or persons in control of our Bank are promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

Each Selling Shareholder, severally and not jointly, confirms that it has not been prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any other governmental authority in India.

Except for Mahesh Parasuraman, our Non-Executive Director, who is associated with (i) AAUM Investment Advisers Private Limited, registered as Investment Adviser with SEBI; (ii) Amicus Capital Private Equity I LLP, registered as Category II - Alternate Investment Fund with SEBI; (iii) Amicus Capital Partners India Fund I, registered as Category II -Alternative Investment Fund with SEBI; and our Independent Director, Navin Kumar Maini, who is a director on the board of directors of NSE Clearing Limited, a clearing corporation, on which SEBI levied a financial disincentive of ₹ 2.50 million for trading halt at NSE and issued a show cause notice dated August 11, 2021, none of our Directors are associated with securities market related business, in any manner and there has been no outstanding actions initiated by SEBI against our Directors in the five years preceding the date of this Draft Red Herring Prospectus.

Our Bank, Promoters or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Promoters or Directors have not been declared as fugitive economic offenders under section 12 of the Fugitive Economic Offenders Act, 2018.

Confirmation under Companies (Significant Beneficial Owners) Rules, 2018

Our Bank, Promoters, members of the Promoter Group, and each of the Selling Shareholders, are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable, as on the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Bank is eligible for the Offer in accordance with the Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

- Our Bank has net tangible assets of at least ₹30 million, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;

- Our Bank has an average operating profit of at least ₹150 million, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;

- Our Bank has a net worth of at least ₹10 million in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis; and

- Our Bank has not changed its name in the last one year.

Our Bank's operating profit, net worth and net tangible assets derived from the Restated Financial Information included in this Red Herring Prospectus as at, and for the last three Financial Years are set forth below:

As per Restated Financial Information

(in ₹ million, except % data)

Particulars (Restated Basis)	Financial year ended		
	2021	2020	2019
Restated net tangible assets	63,499.93	53,073.52	43,109.21
Restated monetary assets	12,904.23	8,157.49	7,116.27
% of Restated monetary assets to restated net tangible assets	20.32%	15.37%	16.51%
Operating profit	715.10	522.45	342.77
Net worth	4,507.90	4,067.80	2,503.22

Notes:

1. *For the purposes of the above, "net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Restated Statement of Assets and Liabilities, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*
2. *For the purposes of the above, "Net Tangible Assets" means mean the sum of all net assets (net of provision on non performing advances, provision on tax, provision on depreciation on Fixed Assets and Investments) of the Bank excluding intangible assets as defined in AS 26, deferred tax assets as defined in AS 22 as prescribed under section 133 of companies act, 2013 and standard asset provision which are not netted off in the restated statement of assets and liabilities(net).*
3. *For the purposes of the above, "Monetary Assets" is computed by adding "Cash and Balances with Reserve Bank of India" and "Balances with Banks and Money at Call and Short Notice"*
4. *For the purposes of the above, "operating profit" is determined by deducting interest expended and operating expenses, from interest earned and other income reported by the Bank as per the Restated Profit and Loss Account for the respective years.*

Our Bank is in compliance with the conditions specified in Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. Our Bank confirms that it is also in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Each Selling Shareholder severally and not jointly confirms, that the Equity Shares being offered by such Selling Shareholder in the Offer have been held by such Selling Shareholder for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI and are eligible for sale in the offer in accordance with Regulation 8 of the SEBI ICDR Regulations.

Our Bank shall not make an Allotment if the number or prospective allottees is less than one thousand in accordance with Regulation 49(1) of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING EDELWEISS FINANCIAL SERVICES LIMITED, AXIS CAPITAL LIMITED AND SBI CAPITAL MARKETS LIMITED* ("BRLMs"), HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE BANK IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO

ENSURE THAT THE BANK DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED OCTOBER 30, 2021 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE BANK FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

** OIJIF II is proposing to participate as a Selling Shareholder in the Offer for Sale. SBICAP has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. OIJIF II and SBICAP are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.*

All legal requirements pertaining to this Offer will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies in terms of Section 32 of the Companies Act, 2013, and the Prospectus with the Registrar of Companies in terms of sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

Disclaimer clause of RBI

A license authorizing the Bank to carry on small finance bank business has been obtained from the Reserve Bank of India in terms of Section 22 of the Banking Regulation Act, 1949. It must be distinctly understood, however, that in issuing the license, the Reserve Bank of India does not undertake any responsibility for the financial soundness of the Bank or for the correctness of any of the statements made or opinion expressed in this connection.

Disclaimer from our Bank, our Directors, each of the Selling Shareholders and BRLMs

Our Bank, our Directors, each of the Selling Shareholders and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our Bank's website www.capitalbank.co.in, or the respective websites of any affiliate of our Bank would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement to be entered into between the Underwriters, Selling Shareholders and our Bank.

All information shall be made available by our Bank, Selling Shareholders and the BRLMs to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

Bidders will be required to confirm and will be deemed to have represented to our Bank, each of the Selling Shareholders, the Underwriters and their respective directors, partners, designated partners, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Bank, each of the Selling Shareholders, the Underwriters and their respective directors, partners, designated partners, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Bank, each of the Selling Shareholders, their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Bank, each of the Selling Shareholders, and their respective directors, officers, agents, group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Further, OIJIF II is proposing to participate as a Selling Shareholder in the Offer for Sale. SBICAP has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. OIJIF II and SBICAP are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.

Disclaimer in respect of Jurisdiction

Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

Bidders eligible under Indian law to participate in the Offer

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs and AIFs that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

In terms of the Banking Regulation Act read with Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, as updated, no person (along with his relatives, associate enterprises or persons acting in concert with such person) can acquire or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. For details, see *"Key Regulations and Policies"* and "*Offer Procedure"* beginning on pages 162 and 361 respectively.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law.

Selling and Transfer Restrictions

The Equity Shares offered in the Offer have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold to persons outside of India except in compliance with the applicable laws of each such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions. In particular, the Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S.

This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including in India. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. **No person outside India is eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer.**

Each purchaser of the Equity Shares in the Offer who does not receive a copy of the preliminary offering memorandum for the Offer shall be deemed to:

- Represent and warrant to our Bank, the Selling Shareholders, the BRLMs and the Syndicate Member(s) that its Bid did not exceed investment limits or the maximum number of Equity Shares that can be held by it under applicable law.
- Acknowledge that the Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or the laws of any state of the United States and are being offered and sold to it in reliance on Regulation S.
- Represent and warrant to our Bank, the Selling Shareholders, the BRLMs and the Syndicate Member(s) that it was outside the United States (as defined in Regulation S) at the time the offer of the Equity Shares offered in the Offer was made to it and it was outside the United States (as defined in Regulation S) when its buy order for the Equity Shares offered in the Offer was originated.
- Represent and warrant to our Bank, the Selling Shareholders, the BRLMs and the Syndicate Member(s) that it did not purchase the Equity Shares offered in the Offer as result of any "directed selling efforts" (as defined in Regulation S).

- Represent and warrant to our Bank, the Selling Shareholders, the BRLMs and the Syndicate Member(s) that it bought the Equity Shares for investment purposes and not with a view to the distribution thereof. If in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares offered in the Offer, it agrees that it will not offer, sell, pledge or otherwise transfer any of the Equity Shares except in a transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration requirements under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

- Agree to indemnify and hold our Bank, the Selling Shareholders, the BRLMs and the Syndicate Member(s) harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares purchased in the Offer.

- Represent and warrant to our Bank, the Selling Shareholders, the BRLMs and the Syndicate Member(s) that if it acquired any of the Equity Shares offered in the Offer as fiduciary or agent for one or more investor account(s), it has sole investment discretion with respect to each such account and that it has full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

- Represents and warrant to our Bank, the Selling Shareholders, the BRLMs and the Syndicate Member(s) that if it acquired any of the Equity Shares offered in the Offer for one or more managed account(s), that it was authorized in writing by each such managed account to subscribe to the Equity Shares offered in the Offer for each managed account and to make (and it hereby makes) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to “it” to include such accounts.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Bank, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Bank, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Listing

The Equity Shares issued through the Red Herring Prospectus and the Prospectus are proposed to be listed on BSE and NSE. Applications will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. [•] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Consents

Consents in writing of each the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, Legal Counsel to our Bank as to Indian Law, Legal Counsel to the Selling Shareholders as to Indian law, Legal Counsel to the BRLMs as to Indian Law, Bankers to our Bank, the BRLMs, the Registrar to the Offer, CRISIL and OP Garg & Co, Independent Chartered Accountants and consents in writing of the Syndicate Members, Escrow Collection Bank(s), Refund Bank(s), and Sponsor Bank to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for filing with the RoC.

Expert to the Offer

Except as stated below, our Bank has not obtained any expert opinions:

Our Bank has received written consent dated October 30, 2021 from our Statutory Auditors, to include their name in this Draft Red Herring Prospectus, as required under section 26 of the Companies Act, 2013, read with SEBI ICDR Regulations, and as an “Expert” as defined under section 2(38) of the Companies Act, 2013, to the extent and in their capacity as an auditor, in respect of the examination report dated September 23, 2021 issued by it on our Restated Financial Information, and the statement of special tax benefits dated October 30, 2021 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Particulars regarding capital issues by our Bank and listed group companies, subsidiaries or associate entity during the last three years

Except as disclosed in "*Capital Structure*" on page 75, our Bank has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus. Our Bank does not have any group company, subsidiary or associate entity.

Commission and Brokerage paid on previous issues of the Equity Shares in the last five years

No sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares in the last five years.

Performance vis-à-vis objects – Public/ rights issue of our Bank

Our Bank has not undertaken any public or rights issue in the five years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Public/ rights issue of the listed subsidiaries/listed Promoters of our Bank

Our Bank does not have any corporate promoters or subsidiaries.

Price information of past issues handled by the BRLMs

A. Edelweiss Financial Services Limited

1. Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Edelweiss Financial Services Limited

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Vijaya Diagnostic Centre Limited	18,942.56	531.00*	September 14, 2021	540.00	5.41% [4.50%]	Not Applicable	Not Applicable
2	Aptus Value Housing Finance India Limited	27,800.52	353.00	August 24, 2021	333.00	-2.82% [5.55%]	Not Applicable	Not Applicable
3	Devyani International Limited	18,380.00	90.00	August 16, 2021	140.90	32.83% [4.93%]	Not Applicable	Not Applicable
4	Powergrid Infrastructure Investment Trust	77,349.91	100.00	May 14, 2021	104.00	14.00% [7.64%]	22.04% [10.93%]	Not Applicable
5	Macrotech Developers Limited	25,000.00	486.00	April 19, 2021	436.00	30.22% [5.21%]	75.43% [10.89%]	146.32% [27.71%]
6	Stove Kraft Limited	4,126.25	385.00	February 5, 2021	498.00	30.68% [0.09%]	28.92% [-2.05%]	115.34% [8.08%]
7	Indigo Paints Limited^	11,691.24	1,490.00^	February 2, 2021	2,607.50	75.72% [4.08%]	55.40% [-0.11%]	74.84% [7.61%]
8	Burger King India Limited	8,100.00	60.00	December 14, 2020	112.50	146.5% [7.41%]	135.08% [10.86%]	168.25% [16.53%]
9	Equitas Small Finance Bank Limited	5,176.00	33.00	November 2, 2020	31.10	5.45% [12.34%]	19.55% [16.84%]	68.18% [25.38%]
10	Mazagon Dock Shipbuilders Limited	4,436.86	145.00	October 12, 2020	214.90	18.90% [5.87%]	52.90% [20.25%]	45.79% [24.34%]

Source: www.nseindia.com

^ *Indigo Paints Limited - A discount of ₹ 148 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹1490 per equity share*

* *Vijaya Diagnostic Centre Limited - A discount of ₹ 52 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹531 per equity share*

Notes

1. *Based on date of listing.*
2. *% of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th / 90th / 180th calendar day from listing day.*
3. *Wherever 30th / 90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.*
4. *The Nifty 50 index is considered as the benchmark index*
5. *Not Applicable. – Period not completed*
6. *Disclosure in Table-1 restricted to 10 issues.*

2. Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Edelweiss Financial Services Limited

Fiscal Year*	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22*	5	1,67,472.99	-	-	1	-	2	2	-	-	-	1	-	-
2020-21	7	45,530.35	-	-	1	3	1	2	-	-	1	5	1	-
2019-20	3	23,208.49	-	-	-	-	1	2	-	1	-	1	-	1

The information is as on the date of the document

1. *Based on date of listing.*
2. *Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.*
3. *The Nifty 50 index is considered as the Benchmark Index.*

* *For the financial year 2021-22- 5 issues have been completed of which 1 issue has completed 180 calendar days and 2 issues have completed 90 calendar days.*

B. Axis Capital Limited

1. Price information of past issues handled by Axis Capital Limited

S. No.	Issue name	Issue size (₹ in million)	Issue price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Aditya Birla Sun Life AMC Limited	27,682.56	712.00	11-Oct-21	715.00	-	-	-
2.	Ami Organics Limited	5,696.36	610.00	14-Sep-21	910.00	+117.07%, [+4.50%]	-	-
3.	Chemplast Sanmar Limted	38,500.00	541.00	24-Aug-21	550.00	+2.06%, [+5.55%]	-	-
4.	Nuvoco Vistas Corporation Limited	50,000.00	570.00	23-Aug-21	485.00	-5.91%, [+6.46%]	-	-
5.	Cartrade Tech Limited	29,985.13	1,618.00	20-Aug-21	1,599.80	-10.31%, [+6.90%]	-	-

S. No.	Issue name	Issue size (₹ in million)	Issue price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
6.	Clean Science And Technology Limited	15,466.22	900.00	19-Jul-21	1,755.00	+66.33%, [+5.47%]	+138.53%, [+16.42%]	-
7.	India Pesticides Limited	8,000.00	296.00	5-Jul-21	350.00	+12.64%, [+1.87%]	+4.26%, [+10.72%]	-
8.	Krishna Institute Of Medical Sciences Limited!	21,437.44	825.00	28-Jun-21	1,009.00	+48.10%, [-0.43%]	+48.35%, [+12.89%]	-
9.	Dodla Dairy Limited	5,201.77	428.00	28-Jun-21	550.00	+44.94%, [-0.43%]	+40.02%, [+12.89%]	-
10.	Shyam Metalics And Energy Limited@	9,085.50	306.00	24-Jun-21	380.00	+40.95%, [+0.42%]	+22.65%, [+11.22%]	-

Source: www.nseindia.com

@ Offer Price was ₹291.00 per equity share to Eligible Employees

! Offer Price was ₹785.00 per equity share to Eligible Employees

Notes:

a. Issue Size derived from Prospectus/final post issue reports, as available.

b. The CNX NIFTY is considered as the Benchmark Index.

c. Price on NSE is considered for all of the above calculations.

d. In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.

e. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

2. Summary statement of price information of past issues handled by Axis Capital Limited

Fiscal Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount – as on 30th calendar days from listing			No. of IPOs trading at premium – as on 30th calendar days from listing			No. of IPOs trading at discount – as on 180th calendar days from listing			No. of IPOs trading at premium – as on 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-2022*	12	240,583.72	-	-	2	2	4	3	-	-	-	2	-	-
2020-2021	11	93,028.90	-	-	6	2	1	2	-	1	1	4	3	2
2019-2020	5	161,776.03	-	1	2	-	-	2	1	1	-	-	-	3

** The information is as on the date of the document*

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

C. SBI Capital Markets Limited*

1. Price information of past issues handled by SBI Capital Markets Limited

Sr. No.	Issue Name	Issue Size (₹ Mn.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Aditya Birla Sun Life AMC Limited	27682.56	712.00	October 11, 2021	715.00	NA	NA	NA
2	Nuvoco Vistas Corporation Limited	50,000.00	570.00	August 23, 2021	485.00	-5.91% [+6.46%]	NA	NA
3	Windlas Biotech Limited	4,015.35	460.00	August 16, 2021	437.00	-18.04% [+4.93%]	NA	NA
4	Glenmark Life Sciences Limited	15,136.00	720.00	August 06, 2021	750.00	-6.40% [+6.68%]	NA	NA
5	G R Infraprojects Limited (1)	9,623.34	837.00	July 19, 2021	1,715.85	90.82% [+5.47%]	138.85% [+43.02%]	NA
6	Shyam Metalics and Energy Limited (2)	9,085.50	306.00	June 24, 2021	380.00	40.95% [+0.42%]	22.65% [+11.22%]	NA
7	Macrotech Developers Limited	25,000.00	486.00	April 19, 2021	436.00	30.22% [+5.21%]	75.43% [+10.89%]	146.32% [+23.75%]
8	Barbeque-Nation Hospitality Limited	4,528.74	500.00	April 07, 2021	489.85	18.77% [-0.64%]	76.97% [+6.85%]	122.53% [+18.31%]
9	Suryoday Small Finance Bank Ltd (3)	5,808.39	305.00	March 26, 2021	292.00	-18.38% [-1.14%]	-27.48% [+8.84%]	-40.20% [+21.06%]
10	Kalyan Jewellers India Ltd (4)	11,748.16	87.00	March 26, 2021	73.95	-24.60% [-1.14%]	-8.33% [+8.84%]	-21.95% [+21.06%]

Source: www.nseindia.com
Notes:

** The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days is a trading holiday, the previous trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.*
** The Nifty 50 index is considered as the Benchmark Index*
1 Price for eligible employee was Rs 795.00 per equity share
2 Price for eligible employee was Rs 291.00 per equity share
3 Price for eligible employee was Rs 275.00 per equity share
4 Price for eligible employee was Rs 79.00 per equity share
** OIJIF II is proposing to participate as a Selling Shareholder in the Offer for Sale. SBICAP has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. OIJIF II and SBICAP are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.*

2. Summary statement of price information of past issues handled by SBI Capital Markets Limited

Financial Year	Total no. of IPOs #	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22*	8	1,45,071.49	-	-	3	1	2	1	-	-	-	1	-	1
2020-21	7	1,05,087.00	-	-	5	-	2	-	-	1	3	-	2	1
2019-20	3	138,283.86	-	1	1	1	-	-	1	-	-	1	-	1

** The information is as on the date of this Offer Document.*
 # Date of Listing for the issue is used to determine which financial year that particular issue falls into

Stock Market Data of Equity Shares

This being an initial public offer of Equity Shares of our Bank, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number (for Bidders other than RIBs bidding through the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of RIBs applying through the UPI Mechanism.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Banks for addressing any clarifications or grievances of ASBA Bidders. Our Bank, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of the Designated Intermediaries including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors can contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs at the rate higher of ₹100 or 15% per annum of the application amount in the events of delayed or withdrawal of applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partially-allotted applications for the stipulated period. In an event there is a delay in redressal of the investor grievance in relation to unblocking of amounts, the Book Running Lead Managers shall compensate the investors at the rate higher of ₹100 or 15% per annum of the application amount.

Our Bank has not received investor complaints during the period of three years preceding the date of the Draft Red Herring Prospectus, hence no investor complaint in relation to our Bank is pending as on the date of filing of the Draft Red Herring Prospectus.

The Bank has obtained authentication on the SCORES and shall comply with the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Our Bank has also appointed Amit Sharma, Company Secretary of our Bank, as the Compliance Officer for the Offer. For details, see "*General Information*" on page 66.

Our Bank has constituted a Stakeholders' Relationship Committee comprising Dinesh Gupta as the Chairperson, and Navin Kumar Maini, Gurdeep Singh and Sham Singh Bains, as members. For details, see "*Our Management*" on page 184.

Disposal of Investor Grievances by our Bank

Our Bank estimates that the average time required by our Bank or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Bank will seek to redress these complaints as expeditiously as possible.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the Banking Regulation Act, the SFB Licensing Guidelines, the MoA, AoA, Listing Regulations, RBI Final Approval, RBI In-Principle Approval, the terms of the Red Herring Prospectus, the Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital, Offer for Sale and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities to the extent applicable or such other conditions as maybe prescribed by such governmental and/or regulatory authority while granting its approval for the Offer.

Ranking of the Equity Shares

The Allottees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Bank after the date of Allotment. The Equity Shares being offered and Allotted in the Offer shall be *pari passu* with the existing Equity Shares in all respects including dividends and other corporate benefits. For further details, see "*Description of Equity Shares and Terms of Articles of Association*" on page 379.

Mode of Payment of Dividend

Our Bank shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association and provisions of the SEBI Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Bank after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Allottees, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see "*Dividend Policy*" and "*Description of Equity Shares and Terms of Articles of Association*" beginning on pages 207 and 379, respectively.

Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹10. The Floor Price is ₹[●] per Equity Share and Cap Price is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share and the Offer Price is ₹[●] per Equity Share.

The Price Band and the minimum Bid Lot size for the Offer will be decided by our Bank, in consultation with the BRLMs, and advertised in all editions of [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Punjabi daily newspaper with wide circulation (Punjabi being the regional language of Punjab, where our Registered and Corporate Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges.

At any given point of time, there shall be only one denomination for the Equity Shares.

The Offer

The Offer comprises a Fresh Issue and an Offer for Sale by each of the Selling Shareholders.

Expenses for the Offer shall be shared amongst our Bank and each of the Selling Shareholders in the manner specified in "*Objects of the Issue - Offer Expenses*" on page 101.

Compliance with Disclosure and Accounting Norms

Our Bank shall comply with all disclosure and accounting norms as specified by the SEBI from time to time.

Rights of the Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;

- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, Banking Regulation Act, the Listing Regulations and the Articles of Association of our Bank and other applicable laws.

For a detailed description of the main provisions of the Articles of Association of our Bank relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Description of Equity Shares and Terms of Articles of Association*" on page 379.

Allotment only in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013 and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations and the Listing Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges. In this context, two agreements have been entered into amongst our Bank, the respective Depositories and Registrar to the Offer:

- Tripartite agreement dated August 11, 2017 amongst our Bank, NSDL and Registrar to the Offer.
- Tripartite agreement dated June 23, 2017 amongst our Bank, CDSL and Registrar to the Offer.

Market Lot and Trading Lot

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be in multiples of one Equity Share subject to a minimum Allotment of [•] Equity Shares. For the method of basis of allotment, see "*Offer Procedure*" on page 361.

Joint Holders

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of the other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination/cancel nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered and Corporate Office or to the registrar and transfer agents of our Bank.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode, there is no need to make a separate nomination with our Bank. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

Our Bank shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

Bid/Offer Programme

BID/OFFER OPENS ON	[●](1)
BID/OFFER CLOSES ON	**[●]**(2)

(1) *Our Bank may, in consultation with the BRLMs, may consider participation by Anchor Investors. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations*

(2) *Our Bank may, in consultation with the BRLMs may, consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. The UPI mandate end time and date [●] on [●].*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/Offer Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

* *In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date for cancelled / withdrawn / deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹ 100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The post Offer BRLMs shall be liable for compensating the Bidder at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date of receipt of the investor grievance until the date on which the blocked amounts are unblocked. For the avoidance of doubt, the provisions of the March 2021 Circular, as amended pursuant to June 2021 Circular shall be deemed to be incorporated in the agreements to be entered into by and between the Company and the relevant intermediaries, to the extent applicable.*

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Bank, our Selling Shareholders or the BRLMs.

Whilst our Bank shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, or such other period as may be prescribed by the SEBI, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Bank, in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each of the Selling Shareholders, severally and not jointly, confirm that they shall extend such reasonable support and co-operation required by our Bank and the BRLMs for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by SEBI.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of the Draft Red Herring Prospectus may result in changes to the above-mentioned timelines. Further, the offer procedure is subject to change to any revised SEBI circulars to this effect.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will submit reports of compliance with T+6 listing timelines and activities, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("**IST**")
Bid/Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

On the Bid/ Offer Closing Date, the Bids shall be uploaded until:

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs and Eligible Employees Bidding under the Employee Reservation Portion.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/ Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/ Offer Closing Date, and in any case no later than 3:00 p.m. IST on the Bid/ Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Working Days, during the Bid/ Offer Period. Bids will be accepted only during Monday to Friday (excluding any public holiday), during the Bid/Offer period. Investors may please note that as per letters dated July 3, 2006 and July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges.

Our Bank in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/ Offer Period in accordance with the SEBI ICDR Regulations. The revision in the Price Band shall not exceed 20% on either side, i.e., the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. The Floor Price will not be less than the face value of the Equity Shares. In all circumstances, the Cap Price shall be less than or equal to 120% of the Floor Price.

In case of revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Bank in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/ Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days.

Any revision in Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice and also by indicating the change on the websites of the BRLMs terminals of the Syndicate Members and by intimation to the Designated Intermediaries. In case of revision of price band, the Bid lot shall remain the same. In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

If our Bank does not receive the minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR or the minimum subscription of 90% of the Fresh Issue on the date of closure of the Offer; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the offer document, our Bank shall forthwith refund the entire subscription amount received. If there is a delay beyond four days, our Bank and our Directors, who are officers in default, shall pay interest at the rate of 15% per annum.

In the event of an undersubscription in the Offer, Equity Shares offered pursuant to the Fresh Issue shall be allocated in the Fresh Issue prior to the Equity Shares offered pursuant to the Offer for Sale. However, after receipt of minimum-subscription of 90% of the Fresh Issue, the Offered Shares shall be allocated proportionately prior to the Equity Shares offered pursuant to the Fresh issue.

Each of the Selling Shareholders shall, severally and not jointly, reimburse, in proportion to their respective Offered Shares, any expenses and interest incurred by our Bank on behalf of the Selling Shareholders for any delays in making refunds as required under the Companies Act and any other applicable law, provided that no Selling Shareholders shall be responsible or liable for payment of such expenses or interest, unless such delay is solely and directly attributable to an act or omission of such Selling Shareholder.

Further, the Selling Shareholders and our Company and shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of the SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders, and subscription money will be refunded, as applicable. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the Selling Shareholders and our Company shall be liable to pay interest on the application money in accordance with applicable laws.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

Option to receive Equity Shares in dematerialized form

Allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Bank, lock-in of the Promoters' minimum contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 75 and except as provided under the Banking Regulation Act and the rules and regulations made thereunder and the Articles of Association, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares/debentures of our Bank and on their consolidation or splitting, except as provided in the Articles of Association. For details, see "*Description of Equity Shares and Terms Of Articles of Association*" beginning on page 379.

In accordance with Section 12B of the Banking Regulation Act read with Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, no person (along with his relatives, associate enterprises or persons acting in concert with such person) can acquire or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. For further details, see *"Key Regulations and Policies"* and "*Offer Procedure*" on pages 162 and 361, respectively.

OFFER STRUCTURE

Offer of up to [●] Equity Shares for cash at price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating up to ₹[●] million comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹4,500.00 million by our Bank and an Offer for sale of up to 3,840,087 Equity Shares aggregating up to ₹[●] million, comprising up to 337,396 Equity Shares aggregating up to ₹[●] million by PI Ventures, up to 604,614 Equity Shares aggregating up to ₹[●] million by Amicus Capital Private Equity I LLP, up to 70,178 Equity Shares aggregating up to ₹[●] million by Amicus Capital Partners India Fund I, up to 836,728 Equity Shares aggregating up to ₹[●] million by OIJIF II, up to 358,500 Equity Shares aggregating up to ₹[●] million by Gurdev Singh Samra (jointly with Balbir Kaur Samra), up to 200,000 Equity Shares aggregating up to ₹[●] million by Rashpal Singh (jointly with Surinder Kaur), up to 285,000 Equity Shares aggregating up to ₹[●] million by Tarlochan Singh Hyare, up to 132,000 Equity Shares aggregating up to ₹[●] million by Avtar Singh Samra (jointly with Rashpal Singh Samra), up to 40,000 Equity Shares aggregating up to ₹[●] million by Manjoo Sardana, up to 15,000 Equity Shares aggregating up to ₹[●] million by Gaurav Goel, up to 17,000 Equity Shares aggregating up to ₹[●] million by Jasvinder Kaur, up to 14,500 Equity Shares aggregating up to ₹[●] million by Darshna Devi, up to 3,900 Equity Shares aggregating up to ₹[●] million by Rekha Jindal, up to 2,358 Equity Shares aggregating up to ₹[●] million by Richa Mahajan, up to 358,435 Equity Shares aggregating up to ₹[●] million by Gurnam Singh (jointly with Bahadur Singh and Amrik Singh), up to 167,200 Equity Shares aggregating up to ₹[●] million by Ramesh Kaur, up to 107,333 Equity Shares aggregating up to ₹[●] million by Parminder Singh, up to 97,652 Equity Shares aggregating up to ₹[●] million by Joginder Singh Dhillon, up to 40,000 Equity Shares aggregating up to ₹[●] million by Vijay Kumar Bhandari (jointly with Sneh Bhandari), up to 40,000 Equity Shares aggregating up to ₹[●] million by Kuldeep Krishan Sardana (jointly with Suman Sardana), up to 35,000 Equity Shares aggregating up to ₹[●] million by Jagjit Singh Shergill, up to 35,000 Equity Shares aggregating up to ₹[●] million by Gurdip Singh Shergill, up to 35,000 Equity Shares aggregating up to ₹[●] million by Nilam Singh Shergill, up to 7,000 Equity Shares aggregating up to ₹[●] million by Anureet Pattar, and up to 293 Equity Shares aggregating up to ₹[●] million by Rajinder Kumar Sehgal (jointly with Neelam Sehgal and Akhil Sehgal)

The Offer comprises a Net Offer of up to [●] Equity Shares and Employee Reservation Portion of up to [●] Equity Shares. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital. The Offer and the Net Offer shall constitute [●]% and [●]%, respectively of the post-Offer paid-up Equity Share capital of our Bank. The face value of the Equity Shares is ₹10 each.

The Offer shall constitute [●]% of the post-Offer paid-up Equity Share capital of our Bank.

Our Bank may, in consultation with the BRLMs, consider a Pre-IPO Placement for an aggregate amount not exceeding ₹ 900 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Bank in consultation with the BRLMs, and the Pre-IPO Placement will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the minimum Offer size (comprising the Fresh Issue so reduced by the amount raised from the Pre-IPO Placement, and the Offer for Sale) shall constitute at least [●]% of the post-Offer paid-up Equity Share capital of our Bank.

The Offer is being made through the Book Building Process.

Particulars	Eligible Employees#	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation* (2)	Up to [●] Equity Shares	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer size available for Allotment/ allocation	The Employee Reservation Portion shall constitute up to 5% of the post-Offer paid-up Equity Share capital of our Bank	Not more than 50% of the Net Offer shall be available for allocation to QIBs. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion (excluding the Anchor	Not less than 15% of the Net Offer or the Net Offer less allocation to QIBs and Non-Institutional Bidders will be available for allocation subject to valid Bids being received from them at or above the Offer Price	Not less than 35% of the Net Offer or Net Offer less allocation to QIBs and Retail Individual Bidders will be available for allocation, on a proportionate basis

Particulars	Eligible Employees#	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
		Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs		
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate; unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be Allocated, on a proportionate basis, to Eligible Employees for a value exceeding ₹200,000, subject to total Allotment to an Eligible Employee not exceeding ₹500,000	Proportionate as follows (excluding the Anchor Investor Portion): (a) up to [●] Equity Shares shall be available for allocated on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to 60% of the QIB Portion Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price	Proportionate	Allotment to each Retail Individual Investor shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be on a proportionate, basis. For details, see "*Offer Procedure*" beginning on page 361.
Minimum Bid	[●] Equity Shares	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares, so that the Bid Amount does not exceed ₹500,000, less Employee Discount, if any	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Net Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Net Offer (excluding the QIB portion), subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000
Mode of Allotment	Compulsorily in dematerialized form			
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter			
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share For Retail Individual Bidders, [●] Equity Shares and in multiples of one Equity Share thereafter, subject to availability in the Retail Portion			
Trading Lot	One Equity Share			

Particulars	Eligible Employees#	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
Who can apply(3) (4)	Eligible Employees (such that the Bid Amount does not exceed ₹500,000)	Public financial institutions as specified in Section 2(72) of the Companies Act, scheduled commercial banks, Mutual Funds, FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million, National Investment Fund set up by the Government of India, the insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions societies and trusts, and FPIs who are individuals, corporate bodies and family offices and registered with SEBI	Resident Indian individuals, Eligible NRIs and HUFs (in the name of karta)
Terms of Payment	**In case of Anchor Investors:** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids(3) **In case of all other Bidders:** Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder or by the Sponsor Bank through the UPI Mechanism (other than Anchor Investors) that is specified in the ASBA Form at the time of submission of the ASBA Form			
Mode of Bidding	Only through the ASBA process (except for Anchor Investors).			

* *Assuming full subscription in the Offer.*

\# *Eligible Employees Bidding in the Employee Reservation Portion can Bid up to a Bid Amount of ₹500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000. In the event of undersubscription in the Employee Reservation Portion the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. The unsubscribed portion, if any in the Employee Reservation Portion can also Bid in the Net Offer and such Bids will not be treated as multiple Bids subject to applicable limits. Further, an Eligible Employee Bidding in the Employee Reservation Portion shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion.*

(1) *Our Bank may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For details, see "Offer Structure" on page 356.*

(2) *Subject to valid Bids being received at or above the Offer Price. This is an Offer in terms of Rule 19(2)(b) of the SCRR in compliance with Regulation 6(1) of the SEBI ICDR Regulations*

(3) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms, provided that any difference between the price at which Equity Shares are allocated to the Anchor Investors and the Anchor Investor Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN. For details of terms of payment of applicable to Anchor Investors, see General Information Document available on the website of the Stock Exchanges and the BRLMs.*

(4) *In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder is required in the Bid cum Application Form and such First Bidder will be deemed to have signed on behalf of the joint holders. The Bank reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.*

(5) *Bids by FPIs with certain structures as described under "Offer Procedure - Bids by FPIs" on page* 367 *and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.*

Any unsubscribed portion remaining in the Employee Reservation Portion shall be added to the Net Offer. Allotment to an Eligible Employee in the Employee Reservation Portion may not exceed ₹200,000 in value. Only in the event of an under-subscription in the Employee Reservation Portion, post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 in value.

Note: Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Eligible Employees bidding in the Employee Reservation Portion at a price within the Price Band can make payment based on Bid Amount, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, at the time of making a Bid.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Bank, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "*Terms of the Offer*" on page 351.

In terms of the Banking Regulation Act read with Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, no person either by himself or with his relative, associate enterprise or acting in concert with any other person can acquire, directly or indirectly, or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. Accordingly, it is the responsibility of each Bidder to seek RBI approval, if the Bids submitted by such Bidder for such number of Equity Shares as may result in the shareholding of a Bidder (along with his relatives, associate enterprises or persons acting in concert with such Bidder ("**Other Persons**") aggregate to 5% or more of the post-Offer paid-up share capital of our Bank. It may be noted that in the event an approval from RBI is not obtained by any Bidder, it shall not be allotted 5% or more of the post-Offer paid-up share capital of our Bank.

Our Bank, the BRLMs and the Registrar to the Offer will rely strictly and solely on the RBI approvals received from Bidders for making any Allotment of Equity Shares to such Bidders and to the Other Persons, if any, that results in such Bidder, either individually or on an aggregate basis with the Other Persons associated with such Bidder, holding Equity Shares equal to or in excess of 5% of the post-Offer paid-up share capital of our Bank thereafter, after considering their existing aggregate shareholding in our Bank, if any. Our Bank, the Registrar to the Offer and BRLMs will not be responsible for identifying the Other Persons associated with any Bidder, or for the consequences of any Bidder and the Other Persons holding Equity Shares, which together with their existing shareholding amount to 5% or more of the post-Offer paid-up share capital of our Bank pursuant to the Allotment made without a valid and subsisting RBI approval.

A clearly legible copy of the RBI approval in the name(s) of the Bidders together with the application submitted for obtaining such RBI approval must be submitted by the Bidders with the Bid cum Application Form as well as to the Registrar to the Offer at any time prior to the date falling one day before the date for finalisation of the Basis of Allotment. Such RBI approval should clearly mention the name(s) of the entities which propose to Bid in the Offer, the aggregate shareholding of the Bidder and the Other Persons in the pre-Offer paid-up share capital of our Bank and the maximum permitted holding of Equity Shares by the Other Persons. All allotments to such Bidders and the Other Persons, shall be in accordance with and subject to the conditions contained in such RBI approval.

An 'associate enterprise' has the same meaning assigned to it in Explanation 1(a) to Section 12B of Banking Regulation Act, 1949. A 'person acting in concert" has the same meaning as stated in Explanation 1(c) to Section 12B of Banking Regulation Act, 1949. A 'relative' has the same meaning as defined in Section 2(77) of the Companies Act, 2013 and rules made thereunder.

Withdrawal of the Offer

Our Bank, in consultation with the BRLMs, reserves the right not to proceed with the Fresh Issue and each Selling Shareholder, severally and not jointly, reserves the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of their respective portion of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Bank would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Bank, in consultation with the BRLMs withdraw the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, our Bank shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Bank shall apply for after Allotment; and (ii) the filing of the Prospectus with the RoC.

OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the "**General Information Document**") which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer, especially in relation to the process for Bids by RIBs through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) Category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) Payment Instructions for ASBA Bidders/applicant; (v) Issuance of CAN and allotment in the Offer; (vi) General instructions (limited to instructions for completing the Bid cum Application Form); (vii) submission of Bid cum Application Form; (viii) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (x) mode of making refunds; (xi) Designated Date; (xii) interest in case of delay in allotment or refund; and (xiii) disposal of application.

*SEBI through the UPI Circulars, has introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), issued by SEBI, the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to continue with the UPI Phase II till further notice. The final reduced timeline of T+3 days for the UPI Mechanism for applications by RIBs ("**UPI Phase III**"), and modalities of the implementation of UPI Phase III maybe notified and made effective subsequently as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on/or after May 1, 2021, except as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and the provisions of this circular, are deemed to form part of this Draft Red Herring Prospectus*

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, has reduced the timelines for refund of Application money to four days.

None of our Bank, each of the Selling Shareholders and the BRLMs accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.

Further, none of our Bank, the Selling Shareholders and the members of the Syndicate accept any responsibility for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in the Offer.

Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b) of the SCRR through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Net Offer shall be allocated on a proportionate basis to QIBs, provided that our Bank may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Furthermore, up to [●] Equity Shares, aggregating up to ₹[●] million shall be made available for allocation on a proportionate basis only to Eligible Employees Bidding in the Employee Reservation Portion, subject to valid Bids being received at or above the Offer Price, if any.

The Offer includes a reservation of up to [●] Equity Shares, aggregating up to ₹[●] million, for subscription by Eligible Employees. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up equity share capital subject to valid Bids being received at or above the Offer Price.

Our Bank, in consultation with the BRLMs, may consider a Pre-IPO Placement for an aggregate amount not exceeding ₹900.00 million. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the Fresh Issue.

Under-subscription, if any, in any category including the Employee Reservation Portion, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Bank, in consultation with the BRLMs and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, as applicable, shall be treated as incomplete and will be rejected. Eligible Employees Bidding in the Employee Reservation Portion Bidding using the UPI Mechanism, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the Offer.

Phased implementation of UPI Mechanism

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of *inter alia*, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019. Under this phase, submission of the ASBA Form without UPI by RIBs to Designated Intermediaries (other than SCSBs) for blocking of funds will be discontinued. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. Further, pursuant to SEBI circular dated March 30, 2020, this phase has been extended till further notice.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Bank will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Bidders using the UPI.

Pursuant to the UPI Circulars, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one Working Day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the post – Offer BRLM will be required to compensate the concerned investor.

The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid/Offer Opening Date. If the Offer is made under UPI Phase III of the UPI Circular, the same will be advertised in all editions of [●], a widely circulated English national daily newspaper; (ii) all editions of [●], a Hindi national daily newspaper; and (iii) Local editions of [●], a widely circulated local daily newspaper, local also being the regional language of Respective State, where our Registered and Corporate Office is located), on or prior to the Bid/Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Bidders using the UPI.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered and Corporate Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. RIBs are mandatorily required to use the UPI Mechanism for submitting their bids to Designated Intermediaries and are allowed to use ASBA Process by way of ASBA Forms to submit their bids directly to SCSBs. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

RIBs bidding using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

ASBA Bidders (including Bidders using UPI Mechanism) must provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected or the UPI ID, as applicable, in the relevant space provided in the ASBA Form. Applications made using third party bank account or using third party linked bank account UPI ID are liable for rejection. RIBs using the UPI Mechanism may also apply through the mobile applications using the UPI handles as provided on the website of the SEBI.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable, at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral development financial institutions applying on a repatriation basis	[●]
Anchor Investors	[●]
Eligible Employees Bidding in the Employee Reservation Portion	[●]

* *Excluding electronic Bid cum Application Forms*

Notes:

(1) *Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com)*

(2) *Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs*

(3) *Bid cum Application Forms for Eligible Employees shall be available at the Registered Office of our Company.*

In case of ASBA forms, the relevant Designated Intermediaries shall capture and upload the relevant bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges. For RIBs using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. For ASBA Forms (other than RIBs) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis through API integration and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For RIBs using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis through API integration to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. For all pending UPI mandate requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 12:00 pm on the first Working Day after the Bid/Offer Closing Date ("**Cut-Off Time**"). Accordingly, RIBs Bidding using through the UPI Mechanism should accept UPI mandate requests for blocking of funds prior to the Cut-Off Time and all pending UPI mandate requests at the Cut-Off Time shall lapse. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021.

The processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI ra w data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

For ASBA Forms (other than RIBs using UPI Mechanism) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

In terms of the Banking Regulation Act read with Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, no person either by himself or with his relative, associate enterprise, or acting in concert with any other person can acquire, directly or indirectly, or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. Accordingly, it is the responsibility of each Bidder to seek RBI approval, if the Bids submitted by such Bidder for such number of Equity Shares as may result in the shareholding of a Bidder (along with his relatives, associate enterprises or persons acting in concert with such Bidder ("**Other Persons**") aggregate to 5% or more of the post-Offer paid-up share capital of our Bank. It may be noted that in the event an approval from RBI is not obtained by any Bidder, it shall not be allotted 5% or more of the post-Offer paid-up share capital of our Bank.

Our Bank, the BRLMs and the Registrar to the Offer will rely strictly and solely on the RBI approvals received from Bidders for making any Allotment of Equity Shares to such Bidders and to the Other Persons, if any, that results in such Bidder, either individually or on an aggregate basis with the Other Persons associated with such Bidder, holding Equity Shares equal to or in excess of 5% of the post-Offer paid-up share capital of our Bank thereafter, after considering their existing aggregate shareholding in our Bank, if any. Our Bank, the Registrar to the Offer and BRLMs will not be responsible for identifying the Other Persons associated with any Bidder, or for the consequences of any Bidder and the Other Persons holding Equity Shares, which together with their existing shareholding amount to 5% or more of the post-Offer paid-up share capital of our Bank pursuant to the Allotment made without a valid and subsisting RBI approval.

A clearly legible copy of the RBI approval in the name(s) of the Bidders together with the application submitted for obtaining such RBI approval must be submitted by the Bidders with the Bid cum Application Form as well as to the Registrar to the Offer at any time prior to the date falling one day before the date for finalisation of the Basis of Allotment. Such RBI approval should clearly mention the name(s) of the entities which propose to Bid in the Offer, the aggregate shareholding of the Bidder and the Other Persons in the pre-Offer paid-up share capital of our Bank and the maximum permitted holding of Equity Shares by the Other Persons. All allotments to such Bidders and the Other Persons, shall be in accordance with and subject to the conditions contained in such RBI approval.

An 'associate enterprise' has the same meaning assigned to it in Explanation 1(a) to Section 12B of Banking Regulation Act. A 'person acting in concert" has the same meaning as stated in Explanation1(c) to Section 12B of Banking Regulation Act. A 'relative' has the same meaning as defined in Section 2(77) of the Companies Act, 2013 and rules made thereunder.

Accordingly, in case of Bids for such number of Equity Shares, as may result in the shareholding of a Bidder (along with his relatives, associate enterprises or persons acting in concert with such person) exceeding 5% or more of the total paid-up share capital of our Bank or entitles him to exercise 5% or more of the voting rights in our Bank, such Bidder is required to submit the approval obtained from the RBI with the Registrar to the Offer, at least one Working Day prior to the finalisation of the Basis of Allotment. In case of failure by such Bidder to submit the approval obtained from the RBI within the above time period, our Bank may Allot maximum number of Equity Shares, as adjusted for the Bid Lot (and in case of over-subscription in the Offer, after making applicable proportionate allocation for the Equity Shares Bid for), that will limit the aggregate shareholding of the Bidder (along with his relatives, associate enterprises or persons acting in concert with such person and including existing shareholding, if any) to less than 5% of the post-Offer paid-up Equity Share capital of our Bank.

A clearly legible copy of the RBI approval in the name(s) of the Bidders together with the application submitted for obtaining such RBI approval must be submitted by the Bidders with the Bid cum Application Form as well as to the Registrar to the Offer at any time prior to the date falling one day before the date for finalisation of the Basis of Allotment. Such RBI approval should clearly mention the name(s) of the entities which propose to Bid in the Offer, the aggregate shareholding of the Bidder and the Other Persons in the pre-Offer paid-up share capital of our Bank and the maximum permitted holding of Equity Shares by the Other Persons. All allotments to such Bidders and the Other Persons, shall be in accordance with and subject to the conditions contained in such RBI approval.

Electronic registration of Bids

a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Offer.

b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in this Red Herring Prospectus.

c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

The Sponsor Bank shall host a web portal for intermediaries (closed user group) from the date of Bid/ Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/ unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/ bearing on the Offer Bidding process.

Participation by Promoters and members of the Promoter Group of our Bank, the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs); nor (ii) any "person related to the Promoter or Promoter Group" shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a "person related to the Promoter/Promoter Group": (a) rights under a shareholders' agreement or voting agreement entered into with the Promoter or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

The Promoters and members of the Promoter Group will not participate in the Offer, except participation of our Promoter in the Offer for Sale.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Bank, in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Further, the Banking Regulation Act requires any person to seek prior approval of the RBI to acquire or agree to acquire, directly or indirectly, shares or voting rights of a bank, by itself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by such person or associate enterprise or persons acting in concert with the concerned person) results in aggregate shareholding of such person to be 5% or more of the paid-up capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank. For details, see "*Key Regulations and Policies*" beginning on page 162.

For details of investment by NRIs, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 378. Participation of Eligible NRIs shall be subject to FEMA Regulations.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their respective SCSB or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident External ("**NRE**") accounts (including UPI ID, if activated), or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSB confirm or accept the UPI mandate request (in case of RIBs using the UPI Mechanism) to block their Non-Resident Ordinary

("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour).

Participation by Eligible NRIs in the Offer shall be subject to the FEMA Non-Debt Instruments Rules. Only Bids accompanied by payment in Indian rupees or fully converted foreign exchange will be considered for Allotment.

In accordance with the FEMA Non-Debt Instruments Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 378.

Bids by HUFs

Hindu Undivided Families or HUFs, should be made in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

Bids by FPIs

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer equity share capital. Further, in terms of the FEMA Non-Debt Instruments Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up equity share capital of our Bank and the total holdings of all FPIs put together can be up to the sectoral cap applicable to the sector in which our Bank operates (i.e., up to 74%), as prescribed under the FEMA Non-Debt Instruments Rules.

With effect from April 1, 2020, the aggregate limit for FPI investments shall be the sectoral caps applicable to our Bank (i.e. automatic up to 49% and government route beyond 49% and up to 74%).

In case the total holding of an FPI increases beyond 10% of the total paid-up equity share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Bank, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Bank and the investor will be required to comply with applicable reporting requirements.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Bank, in consultation with the Book Running Lead Managers, reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents ([●] in colour).

To ensure compliance with the above requirement, SEBI has, pursuant to its circular dated July 13, 2018, directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivate instruments is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to, *inter alia*, the following conditions:

(a) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Bids by FPIs submitted under the multiple investment managers structure with the same PAN but with different beneficiary account numbers, Client ID and DP ID including the following cases may not be treated as multiple Bids:

- FPIs which utilise the multi-investment manager structure;
- Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments;
- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration;
- FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager;
- Multiple branches in different jurisdictions of foreign bank registered as FPIs;
- Government and Government related investors registered as Category 1 FPIs; and
- Entities registered as collective investment scheme having multiple share classes.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents.

Further, Bids received from FPIs bearing the same PAN will be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants which were issued in November 2019 to facilitate implementation of SEBI FPI Regulations (such structure "**MIM Structure**") provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs are making multiple Bids utilize the MIM Structure and indicate the names of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids will be rejected.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. While the SEBI VCF Regulations have since been repealed, the funds registered as VCFs under the SEBI VCF Regulations continue to be regulated by such regulations till the existing fund or scheme managed by the fund is wound up. The holding in any company by any individual VCF or FVCIs registered with SEBI should not exceed 25% of the corpus of the VCF of FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs. Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Bank, the Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Bank, in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Bank, in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies in another banking company as per the Banking Regulation Act, and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 (the "**Financial Services Directions**"), as updated, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services or 10% of the bank's own paid-up share capital and reserve, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to *inter alia* make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed under 5(b)(i) of the Financial Services Directions), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Financial Services Directions. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the investee company's paid-up share capital and reserves.

In terms of the Master Circular on Basel III Capital Regulations dated July 1, 2014, as amended (i) a bank's investment in the capital instruments issued by banking, financial and insurance entities should not exceed 10% of its capital funds; (ii) banks should not acquire any fresh stake in a bank's equity shares, if by such acquisition, the investing bank's holding exceeds 5% of the investee bank's equity capital; (iii) equity investment by a bank in a subsidiary company, financial services company, financial institution, stock and other exchanges should not exceed 10% of the bank's paid-up share capital and reserves; (iv) equity investment by a bank in companies engaged in non-financial services activities would be subject to a limit of 10% of the investee company's paid-up share capital or 10% of the bank's paid-up share capital and reserves, whichever is less; and (v) a banking company is restricted from holding shares in any company, whether as pledgee, mortgagee or absolute owner, of an amount exceeding 30% of the paid-up share capital of that company or 30% of its own paid-up share capital and reserves, whichever is less. For details in relation to the investment limits under Master Direction – Ownership in Private Sector Banks, Directions, 2016, see "*Key Regulations and Policies*" beginning on page 162.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with applicable law including the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Bank, in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016, as amended, are broadly set forth below:

(a) equity shares of a company: the lower of 10%* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

* *The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Bank, in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Bank, in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Bank, in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Bank, in consultation with the BRLMs may deem fit.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the Systemically Important NBFCs, are required to be attached to the Bid cum Application Form. Failing this, our Bank, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

Bids by Eligible Employees

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹500,000 on a net basis. However, the initial allocation to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000. Allotment in the Employee Reservation Portion will be as detailed in the section "*Offer Structure*" on page 356.

However, Allotments to Eligible Employees in excess of ₹200,000 shall be considered on a proportionate basis, in the event of undersubscription in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000. Subsequent undersubscription, if any, in the Employee Reservation Portion shall be added back to the Net Offer. Eligible Employees Bidding in the Employee Reservation Portion may Bid at the Cut-off Price.

Bids under the Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. [●] colour form).
- Only Eligible Employees (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) would be eligible to apply in this Offer under the Employee Reservation Portion.
- In case of joint bids, the sole/ First Bidder shall be the Eligible Employee.
- Bids by Eligible Employees may be made at Cut-off Price.
- Only those Bids, which are received at or above the Offer Price would be considered for allocation under this portion.
- If the aggregate demand in this portion is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Bids by Eligible Employees in the Employee Reservation Portion and in the Net Offer portion shall not be treated as multiple Bids. Our Bank reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.
- Eligible Employees shall not Bid through the UPI mechanism. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer.

In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000.

If the aggregate demand in this portion is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of Allotment, see "*Offer Procedure*" beginning on page 361.

The above information is given for the benefit of the Bidders. Our Bank, each of the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

General Instructions

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;
4. Ensure that you (other than in the case of Anchor Investors) have mentioned the correct ASBA Account number if you are not an RIB bidding using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre (except electronic Bids) within the prescribed time;
6. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;
7. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

8. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

9. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;

10. RIBs bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

11. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgement;

12. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

13. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular no. MRD/Dop/Cir-20/2008 dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

14. Ensure that the Demographic Details are updated, true and correct in all respects;

15. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

16. Ensure that the category and the investor status is indicated;

17. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;

18. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

19. Ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;

20. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the app and the UPI handle being used for making the application is also appearing in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019;

21. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;

22. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;

23. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form; and

24. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in).

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders) and ₹500,000 for Bids by Eligible Employees Bidding in the Employee Reservation Portion;

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

7. Do not submit the Bid for an amount more than funds available in your ASBA account.

8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;

9. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;

10. If you are a RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;

11. Anchor Investors should not Bid through the ASBA process;

12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Bank;

13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

14. Do not submit the General Index Register (GIR) number instead of the PAN;

15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

16. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

18. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

19. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;

20. If you are a QIB, do not submit your Bid after 3:00 pm on the QIB Bid/Offer Closing Date;

21. Do not Bid on another ASBA Form after you have submitted a Bid to any of the Designated Intermediaries;

22. Do not Bid for Equity Shares in excess of what is specified for each category;

23. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

24. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account or in the case of Retail Individual Bidders Bidding using the UPI Mechanism, in the UPI-linked bank account where funds for making the Bid are available;

25. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders or Eligible Employees bidding in the Employee Reservation Portion can revise or withdraw their Bids on or before the Bid/Offer Closing Date;

26. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;

27. If you are an RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;

28. Do not Bid if you are an OCB;

29. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIBs using the UPI Mechanism;

30. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs Bidding using the UPI Mechanism;

31. Do not submit a Bid cum Application Form with a third party UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Bidders using the UPI Mechanism); and

32. RIBs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a bank which is not mentioned in the list provided in the SEBI website is liable to be rejected; and

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer. For details of Company Secretary and Compliance Officer, see "*General Information*" on page 66 and "*Our Management*" on page 184.

For helpline details of the Book Running Lead Managers pursuant to the SEBI/HO.CFD.DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, see "*General Information*" on page 66.

Further, helpline details of the BRLMs pursuant to the SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 are set forth in the table below:

Sr. No.	Name of BRLM	E-mail	Telephone
1.	Edelweiss Financial Services Limited	capitalsfb.ipo@edelweissfin.com	+91 22 4009 4400
2.	Axis Capital Limited	capitalsfb.ipo@axiscap.in	+91 22 4325 2183
3.	SBI Capital Markets Limited*	capitalsfb.ipo@sbicaps.com	+91 22 2217 8300

* *OIJIF II is proposing to participate as a Selling Shareholder in the Offer for Sale. SBICAP has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. OIJIF II and SBICAP are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, SBICAP would be involved only in the marketing of the Offer.*

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Designated Stock Exchange, along with the BRLMs and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Bank will not make any allotment in excess of the Equity Shares through the Offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than one per cent of the Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis.

Payment into Escrow Account(s) for Anchor Investors

Our Bank, in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS, NACH or NEFT) to the Escrow Accounts. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

(a) In case of resident Anchor Investors: "[●]"

(b) In case of non-resident Anchor Investors: "[●]"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Bank, each of the Selling Shareholders and the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Bank shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Punjabi daily newspaper with wide circulation (Punjabi being the regional language of Punjab, where our Registered and Corporate Office is located), each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Allotment Advertisement

Our Bank, the BRLMs and the Registrar shall publish an advertisement in relation to Allotment before commencement of trading, disclosing the date of commencement of trading of the Equity Shares, in all editions of [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Punjabi daily newspaper with wide circulation (Punjabi being the regional language of Punjab, where our Registered and Corporate Office is located), each with wide circulation.

The above information is given for the benefit of the Bidders/applicants. Our Bank, each of the Selling Shareholders and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and filing of the Red Herring Prospectus and Prospectus with the RoC

(a) Our Bank, each of the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price but prior to the filing of Prospectus.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). For more information, see "*Terms of the Offer*" on page 351.

Undertakings by our Bank

Our Bank undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders (including Anchor Investor Application Form from Anchor Investors);

- the complaints received in respect of the Offer shall be attended to by our Bank expeditiously and satisfactorily;

- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by SEBI;

- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Bank shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law for the delayed period;

- the funds required for making refunds/unblocking (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Bank;

  where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the unsuccessful Bidder within six Working Days from the Bid/ Offer Closing Date or such other prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund; and

- Except for the Pre-IPO Placement and Equity Shares that may be allotted pursuant to the exercise of vested employee stock options, if any granted under the ESOP 2018 and the ESOP MRT, and the Equity Shares allotted pursuant to the Offer, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

Undertakings by each of the Selling Shareholders

Each Selling Shareholder undertakes severally and not jointly confirms as applicable in respect of itself as a Selling Shareh older and its respective portion of the Equity Shares offered by it in the Offer for Sale that:

- it is the legal and beneficial owner of the Offered Shares, and holds clear and marketable title to such Equity Shares;

- the Equity Shares offered for sale by each of the Selling Shareholders in the Offer are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations;

- the Equity Shares being offered for sale by each of the Selling Shareholders pursuant to the Offer are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or any other encumbrances and shall be in dematerialized form at the time of transfer;

- it shall deposit its Equity Shares offered for sale in the Offer in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;

- that it shall provide such reasonable assistance to our Bank and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer;

- it shall provide such reasonable cooperation to our Bank in relation to their respective portion of the Equity Shares offered by it in the Offer for Sale for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges; and

- it shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from the Stock Exchanges has been received.

The decisions with respect to the Price Band, the minimum Bid lot, revision of Price Band will be taken by our Bank, in consultation with the BRLMs. The Offer Price will be decided by our Bank, in consultation with the BRLMs, on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus.

Only the statements and undertakings in relation to each of the Selling Shareholders and their portion of the Equity Shares offered in the Offer for Sale which are specifically "confirmed" or "undertaken" by each of the Selling Shareholders in this Draft Red Herring Prospectus, shall be deemed to be "statements and undertakings specifically confirmed or undertaken" by each of the Selling Shareholders severally and not jointly. All other statements and/ or undertakings in this Draft Red Herring Prospectus shall be statements and undertakings made by our Bank even if the same relate to any one or more of the Selling Shareholders.

Utilisation of Offer Proceeds

Our Board of Directors certifies and declares that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;

- details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Bank indicating the purpose for which such monies have been utilised; and

- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested. The Bank and each of the Selling Shareholders, severally and not jointly, specifically confirm and declare that all monies received out of the Offer shall be transferred to a separate bank account other than the bank account referred to in sub-section 3 of Section 40 of the Companies Act, 2013.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who—*

(a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

(b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

(c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹1 million or 1% of the turnover of the Bank, whichever is lower, 'includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹1 million or one per cent of the turnover of the Bank, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5 million or with both.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment ("**FDI**") through press notes and press releases. The DPIIT, issued the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**"), which, with effect from October 15, 2020, subsumes and supersedes all press notes, press releases, clarifications on FDI that were in force and effect as on August 27, 2017.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEMA Non-Debt Instruments Rules, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the FDI Policy and the FEMA Non-Debt Instruments Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Bank and the Registrar in writing about such approval along with a copy thereof within the Bid/ Offer Period.

Foreign Investment Laws

The foreign investment in our Bank is governed by, *inter alia*, the FEMA, as amended, the FEMA Regulations, the FDI Policy issued and amended by way of press notes.

In terms of the FDI Policy and SFB Licensing Guidelines, the aggregate foreign investment in an SFB is allowed up to a maximum of 74% of the paid-up capital of the SFB (automatic up to 49% and approval route beyond 49% up to 74 %). At all times, at least 26% of the paid-up capital will have to be held by residents. In the case of FPIs, individual FPI holding is restricted to below 10% of the total paid-up capital on a fully diluted basis.

In the case of NRIs, the individual holding is restricted to 5% of the total paid-up capital both on a repatriation and a non-repatriation basis and aggregate limit cannot exceed 10% of the total paid-up capital both on a repatriation and a non-repatriation basis.

The FEMA Non-debt Instruments Rules was enacted on October 17, 2019 in supersession of the FEMA Regulations, except with respect to things done or omitted to be done before such supersession.

The above information is given for the benefit of the Bidders. Our Bank and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meanings that have been given to such terms in the Articles of Association of our Bank. Pursuant to Schedule I of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Bank are detailed below:

The Articles of Association of our Bank comprise of two parts, Part I and Part II, which parts shall, unless the context otherwise requires, co-exist with each other. In case of any conflict, inconsistency or contradiction between Part I and Part II, the provisions of Part II shall prevail over the other provisions of Part I, save and except for Article 203 of Part I which shall have an overriding effect on Part II. All articles of Part II shall automatically terminate and cease to have any force and effect from the date of receipt of final listing and trading approvals from the stock exchanges for commencement of trading of the Equity Shares of our Bank pursuant to the initial public offering of Equity Shares of our Bank and the provisions of Part I shall continue to be in effect and be in force, without any further corporate or other action, by our Bank or by its shareholders.

Capital

The authorised capital of our Bank will be as stated in Clause V of the Memorandum of Association from time to time with power to increase or reduce the said Capital and to issue any part of its capital original or increased with or without any priority or special privilege subject to compliance with the 1949 Act, the Act, the Guidelines or any other Rules under applicable law, or subject to any postponement of rights or to any conditions or restrictions so that unless the conditions of issue otherwise prescribe such issue shall be subject to the provisions herein contained. Additionally, any issue which results in a person (by himself or acting in concert with any other person) acquiring 5% or more of the paid-up equity share capital shall be made with prior approval of Reserve Bank of India.

Our Bank in its general meeting may:

a. consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

b. sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

c. cancel shares which at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the shares so cancelled;

d. convert all or any of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denomination.

Forfeiture and Lien

If a member fails to pay any call, or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board, may, at any time thereafter while the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Our Bank shall have no lien in its fully paid-up shares/debentures. Additionally, our Bank shall have a first and paramount lien on every share/debenture to the extent of all moneys called or payable at a fixed time in respect of such shares and on all shares/debentures (not being fully paid-up) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect.

Any lien on shares/debentures shall extend to all dividends and bonuses from time to time declared in respect of such shares, Unless otherwise agreed, the registration of a transfer of shares shall not operate as a waiver of our Bank's lien, if any, on such shares/debentures. The Board may at any time declare any shares/debentures to be wholly or in part exempt from the provisions of this clause. Upon any sale after forfeiture or enforcing a lien in purported exercise of the powers hereinbefore given the Board of Directors may appoint some person to execute an instrument of transfer of the shares so sold and cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy (if any) of any person aggrieved by the sale shall be in damages only and against our Bank exclusively.

Share Certificates

The certificates of title to shares shall be issued under the Companies (Share Capital and Debentures) Rules, 2014 and other relevant provisions under applicable law. Unless where the shares are issued in dematerialized form, every member or allottee of shares shall be entitled to receive within 2 months after allotment or within 1 month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided:

a. One certificate for all his shares without payment of any charge; or

b. Several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

Share certificates shall be generally issued in marketable lots and where share certificates are issued in lots other than marketable lots, subdivision consolidation of share certificates into marketable lots shall be done by our Bank free of charge. Every certificate shall specify the name of the person in whose favour it is issued. Every share shall be distinguished by its appropriate number and shall specify the shares to which it relates and the amount paid-up thereon and shall be signed by two Directors or by a Director and the company secretary, wherever our Bank has appointed a company secretary, and the common seal shall be affixed in the presence of the persons required to sign the certificate. No certificate of any share or shares shall be issued either in exchange for those which are sub-divide or consolidated or where the pages on the reverse for recording transfers have been duly utilized, unless the certificate in lieu of which it is issued is surrendered to our Bank. Duplicate share certificates may be issued in lieu of those that are lost or destroyed or in replacement of those which are defaced, torn, old decrepit, worn out with the prior consent of the Board or such authority as the Board may direct on such fees as the Board thinks fit, not exceeding ₹20 per certificate and on such reasonable terms, if any, as to evidence and indemnity the payment of out of pocket expenses incurred by our Bank in investigating evidence, as the Board may think fit. The duplicate share certificate shall be issued within timeframe prescribed in the Rules.

Transfer and Transmission of Shares

No transfer shall be registered unless a proper instrument of transfer has been delivered to our Bank. Every such instrument of transfer shall be duly stamped and executed both by the transferor and transferee and duly attested. The transferor shall be deemed to remain as the holder of such share until the name of the transferee shall have been entered in the Register in respect thereof. Any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect either to be registered himself as holder of the shares or to make such transfer of the shares as the deceased or insolvent member could have made. In the event the successor elects to become a member of our Bank, he shall deliver or send a notice to our Bank in writing signed by him that he so elects. Such person may, with the consent of the Board (which the Board shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article, or of his title, as the Board of Directors think sufficient, be registered as a member in respect of such shares, or may, subject to the regulations as to transfer hereinabove contained, transfer such shares.

Our Bank shall incur no liability or responsibility whatever in consequence of registering or giving any effect to any transfer of shares, made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of a person having or claiming any equitable right, title or interest to or in the said shares notwithstanding that our Bank may have had notice of such equitable right, title or interest, or notice prohibiting registration of such transfer and may have entered such notice referred hereto in any book or record of our Bank, and our Bank shall not be bound or required to regard or to attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, notwithstanding that the notice may have been entered in or referred to in some book or record of our Bank, but our Bank shall nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the board of directors shall so think fit.

Borrowing Powers

The Directors may, from time to time, by a resolution passed at a meeting of the Board borrow moneys for the purpose of our Bank. Provided that the Directors shall not borrow moneys except with the approval of our Bank in general meeting by special resolution, where moneys to be borrowed together with the money already borrowed by our Bank, apart from temporary loans obtained in its ordinary course of business and except as otherwise provided hereafter, shall exceed the aggregate of the paid-up capital of our Bank and its free reserves or limits as set under the Act. Provided that nothing contained herein above shall apply to:

(i) any sums of moneys borrowed by our Bank from any other banking companies or from the Reserve Bank, State Bank of India or any other banks established by or under any law for the time being in force; and

(ii) acceptance by our Bank in the ordinary course of business of deposits of money from the public, repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise.

The expression "temporary loans" means loans repayable on demand or within 6 months from the date of the loan such as short-term, cash credit arrangements, the discounting of bills and the issue of other short-term loans of a seasonal character, but does not include loans raised for the purpose of financial expenditure of a capital nature.

General Meeting

The annual general meeting shall be held in accordance with section 96 of the Act or any other notifications issued by the Ministry of Corporate Affair from time to time and shall be called during business hours, on a day this is not a national holiday and shall be held either at the office of our bank or at some other place within the city or town in which the Office of our Bank is situated as the board of directors may determine and the notice calling the meeting shall specify it as the annual general meeting.

All general meeting other than annual general meeting shall be called extra-ordinary general meeting. If at any time there are not within India Directors capable of acting who are sufficient in number to form a quorum, any Director or any two members of our Bank may call an extra-ordinary general meeting in the same manner as nearly as possible, as that in which such a meeting may be called by the Board at such time and place as it or they may determine. The Board may, whenever it thinks fit, call an extra-ordinary general meeting.

In the case of Annual General Meeting, all business to be transacted at the meeting shall be deemed special except relating to:

a. the consideration of financial statements and the report of the board of directors and of the auditors;

b. the declaration of dividend;

c. the appointment of Directors in the place of those retiring; and

d. the appointment of and fixing of the remuneration of the auditors;

In the case of any other general meeting all business shall be deemed special.

Directors

Until otherwise determined by the general meeting the number of directors shall not be less than 3 (three) or more than 15 (fifteen) and shall all times be in accordance with applicable law, including the 1949 Act and the LODR Regulations. The board of directors shall include persons with professional and other experience as required under the 1949 Act. Our Bank shall appoint such number of independent directors and woman director as may be required under the Act, 1949 Act or any other law for the time being in force. Subject to Sections 152, 160 and other applicable provisions of the Act and 1949 Act, one third of the total number of Directors of our Bank may be non-retiring Directors.

Proceedings of the Board of Directors

The Directors may meet together at a Board for the dispatch of business from time to time, and at least 4 such meetings shall be held in every year with a time gap of not more than 120 days. The Directors may adjourn and otherwise regulate their meetings and proceedings as they may think fit. The chairman may at any time and the secretary or such other officer of our Bank as authorised, shall, upon the request of any Director, convene a meeting of the Board of Directors. Notice of every meeting of the Directors shall be given in writing to every Director at his usual address in India and, in the case of any Director residing abroad, such notice shall also be given by fax or telex to such Director's fax or telex number abroad. A notice of board meeting may also be served electronically, or such other mode as may be prescribed under the Act, rules or secretarial standards.

If a meeting of the Board cannot be held for want of quorum, then the meeting shall stand adjourned to such day, time and place as the Director or Directors present at the meeting may fix. The Directors may subject to the provisions of the Act and the 1949 Act, delegate any of their powers to Committees consisting of such member or members of their body as they think fit and they may from time to time revoke such delegation. Any committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors. No resolution shall be deemed to have been passed by the Board or by a Committee thereof by circulation, unless:

a. the resolution has been circulated in draft together with the necessary papers, if any, including through such electronic means to all the Directors or to all the members of the committee, as the case may be, at their addresses registered with the company in India or abroad (if required) by post or by courier, or through such electronic means as may be prescribed in rules and the Act, and

b. the resolution has been approved by majority of directors or Members of the Committee who are entitled to vote on the resolution. Provided that, where not less than one-third of the total number of Directors of the company for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at a meeting of the Board.

A resolution passed by way of circulation, as above, shall be noted at a subsequent meeting of the Board or the Committee thereof, as the case may be, and made part of the minutes of such meeting.

Chairman, Managing Director & CEO or Whole – Time Director(s), Company Secretary or CFO

Subject to the requisite compliances and approvals, if any, under 1949 Act and the Guidelines, our Bank may appoint managing director & CEO, whole-time directors, or other directors as it may deem fit.

Votes of Members

Subject to the provisions of the Act, votes may be given either personally or by an attorney or by proxy or, in the case of a body corporate, by a representative duly authorized under Section 113 of the Act. Subject to any rights or restrictions for the time being attached to any class or classes of shares:

a. on a show of hands, every Member present in person shall have one vote;

b. on a poll, the voting rights of members shall be in proportion to his share in paid-up equity share capital; and

c. by electronic means, the voting rights of Members shall be in proportion to his share In paid-up equity share capital.

Provided however that the voting rights shall be subject to the restrictions imposed under Section 12 of the 1949 Act.

Dividend

No dividend shall be declared or paid by our Bank for any financial year, unless requirement of sections 15, 17 and other applicable provisions, if any, of the 1949 Act are complied with. Subject to the provisions of Section 123 of the Act, the Board may from time to time pay interim dividends as they deem fit and justified by the profits of our Bank. Our Bank may in general Meeting subject to Sections 123 and other applicable provisions of the Act and 1949 Act, declare dividends, to be paid to Members according to their respective right but no dividend shall exceed the amount recommended by the Board of Directors. Our Bank in general meeting may declare a smaller dividend than recommended.

Unclaimed / unpaid dividend shall not be forfeited by the Board before the claim becomes barred by law. However, if it remains unclaimed / unpaid for a period of seven years from the date of transfer, or period beyond the specified under the Act, the same shall be transferred to Investor Education and Protection Fund. Where a dividend has been declared by our Bank but has not been paid or claimed by within 30 days from the date of the declaration, our Bank shall, within 7 days from the date of expiry of the said period of 30 days, transfer the total amount of dividend which remains unpaid/ unclaimed to a special account to be opened by our Bank in that behalf in any scheduled bank and all the other provisions of Sections 123 and 124 of the Act in respect of any such unpaid dividend or any part thereof shall be applicable, observed, performed and complied with.

Winding Up

Subject to the provisions of 1949 Act, the Act and rules made hereunder:

a. If our Bank shall be wound up, the liquidator may, with the sanction of a shareholders resolution as necessary and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of our Bank, whether they shall consist of property of the same kind or not; and

b. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

Every officer or agent for the time being of our Bank shall be indemnified out of the funds of our Bank against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 463 of the Act in which relief is granted to him by the Court. Subject to the provisions of Section 197 of the Act no Director, managing or whole time director or other officer of our Bank shall be liable for the acts, receipts, neglects or defaults of any other director or officer or for joining in any respect of other act for conformity or for any loss or expenses happening to our Bank through the insufficiency or deficiency of title to any property acquired by order of the Directors in or upon which any of the moneys of our Bank shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, Bank or corporation with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment, omission or default or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own dishonesty.

PART II

The Articles of Association of our Bank are divided into two parts - Part I and Part II. The provisions of Part I shall apply to all the matters to which they pertain, to the extent, and only in so far, as they are not inconsistent with the special provisions of Part II. As long as Part II remains a part of these Articles and notwithstanding what is stated elsewhere in these Articles, in case of inconsistency between Part I and Part II, the provisions of Part II shall prevail over the other provisions of Part I, save and except for Article 203 of Part I which shall have an overriding effect on Part II. Part II of the Articles of Association of our Bank provides for the rights and obligations of the parties to the shareholders' agreement dated November 7, 2019 executed among our Bank, PI Ventures, SIDBI, Amicus, OIJIF II, Sarvjit Singh Samra, Brig. Swaran Singh Saini (Retd.), Tanveer Singh Dhillon, Dinesh Gupta, Bhagwant Singh Sangha, Parkash Kaur Pooni, Amarjit Singh Samra, Santokh Singh Chhokar, Navneet Kaur Samra, Surinder Kaur Samra, Kuljit Singh Hayer, Amarpreet Kaur, Gursharan Kaur Dhillon, Randeep Singh Dhillon and Dinesh Gupta HUF, as amended by the waiver cum amendment agreement dated September 30, 2021. All articles of Part II shall automatically terminate and cease to have any force and effect from the date of receipt of final listing and trading approvals from the stock exchanges for commencement of trading of the Equity Shares of our Bank pursuant to the initial public offering of Equity Shares of our Bank and the provisions of Part I shall continue to be in effect and be in force, without any further corporate or other action, by our Bank or by its shareholders.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Bank (not being contracts entered into in the ordinary course of business carried on by our Bank) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus / Prospectus which will be delivered to the RoC for filing. Copies of the contracts and also the documents for inspection referred to hereunder, may be inspected at our Registered and Corporate Office between 10 a.m. and 5 p.m. on all Working Days and will also be available at https://www.capitalbank.co.in/investor-relations from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date

A. Material Contracts for the Offer

a) Offer Agreement dated October 30, 2021 between our Bank, the Selling Shareholders and the BRLMs.

b) Registrar Agreement dated October 29, 2021 between our Bank, the Selling Shareholders and the Registrar to the Offer.

c) Cash Escrow and Sponsor Bank Agreement dated [●] between our Bank, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank(s), Sponsor Bank, Public Offer Account Bank and the Refund Bank(s).

d) Share Escrow Agreement dated October 30, 2021 between the Selling Shareholders, our Bank and the Share Escrow Agent.

e) Syndicate Agreement dated [●] between our Bank, the Selling Shareholders, the BRLMs, and Syndicate Members.

f) Underwriting Agreement dated [●] between our Bank, the Selling Shareholders and the Underwriters.

B. Material Documents

a) Certified copies of the updated Memorandum and Articles of Association of our Bank as amended from time to time.

b) Certificate of incorporation issued by the RoC dated May 31, 1999 to our Bank, under the name Capital Local Area Bank Limited.

c) Certificate of commencement of business issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh dated August 12, 1999.

d) RBI letter dated October 7, 2015, pursuant to which the RBI granted our Bank in-principal approval to convert into a small finance bank under Section 22 of the Banking Regulation Act

e) RBI letter dated March 4, 2016, pursuant to which the RBI granted license no. MUM:116 to our Bank to carry on the SFB business in terms of Section 22 of the Banking Regulation Act

f) RBI letter dated February 16, 2017 with respect to the inclusion of our Bank in the second schedule of the RBI Act.

g) RBI letter dated July 1, 2021 approving the appointment of M/s T R Chadha & Co. LLP Chartered Accountants as the Statutory Auditors of our Bank for the 2022 for their first year.

h) RBI letter dated October 13, 2020 approving the appointment of M/s MSKC & Associates, Chartered Accountants as the Statutory Auditors of our Bank for the Fiscal 2021 for their second year.

i) RBI letter dated April 24, 2019 approving the appointment of our Part-Time Chairman.

j) RBI letter dated April 18, 2019, approving the re-appointment of our Managing Director and Chief Executive Officer for a period of three years with effect from April 24, 2019.

k) Shareholders' agreement dated November 7, 2019 executed among our Bank, PI Ventures, SIDBI, Amicus, OIJIF II, Sarvjit Singh Samra, Brig. Swaran Singh Saini (Retd.), Tanveer Singh Dhillon, Dinesh Gupta, Bhagwant Singh Sangha, Parkash Kaur Pooni, Amarjit Singh Samra, Santokh Singh Chhokar, Navneet Kaur Samra, Surinder Kaur Samra, Kuljit Singh Hayer, Amarpreet Kaur, Gursharan Kaur Dhillon, Randeep Singh

Dhillon, Dinesh Gupta HUF read along with the waiver cum amendment agreement dated September 30, 2021.

l) Resolution of the Board of Directors dated August 18, 2021, authorising the Offer and other related matters.

m) Shareholders' resolution dated October 22, 2021, in relation to this Offer and other related matters.

n) Resolution of the Board of Directors dated October 22, 2021, authorising the Fresh Issue and other related matters.

o) Consent letters provided by the Selling Shareholders, consenting to participate in the Offer for Sale.

p) Copies of the annual reports of our Bank for the Fiscals 2021, 2020 and 2019.

q) The examination report of the Statutory Auditors, on our Bank's Restated Financial Information, included in this Draft Red Herring Prospectus.

r) ESOP 2018 and ESOP MRT.

s) The Restated Financial Information.

t) The statement of special tax benefits dated October 30, 2021 from the Statutory Auditors.

u) Board resolutions / authorisations and consents from the Selling Shareholders as disclosed in "*Other Regulatory and Statutory Disclosures*" on page 338.

v) Written consent of the Directors, the BRLMs, the Syndicate Members, Legal Counsel to our Bank as to Indian Law, Legal Counsel to the Selling Shareholders as to Indian law, Legal Counsel to the BRLMs as to Indian Law, Selling Shareholders, Bankers to our Bank, Registrar to the Offer, independent chartered accountants, Escrow Collection Bank(s), Public Offer Account Bank(s), Refund Bank(s), Sponsor Bank, CRISIL, Company Secretary and Compliance Officer as referred to in their specific capacities.

w) Written consent dated October 30, 2021 from our Statutory Auditors to include their name in this Draft Red Herring Prospectus, as required under section 26 of the Companies Act, 2013, read with SEBI ICDR Regulations, and as an "Expert" as defined under section 2(38) of the Companies Act, 2013, to the extent and in their capacity as an auditor, in respect of the examination report dated September 23, 2021 issued by it on our Restated Financial Information, and the statement of special tax benefits dated October 30, 2021 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

x) Report titled "*Report on Small Finance Banks and various loan products*" dated September 2021, issued by CRISIL and the engagement letter dated August 16, 2021.

y) Board resolution dated October 22, 2021 and resolution of the IPO Committee dated October 30, 2021 approving this Draft Red Herring Prospectus.

z) Due diligence certificate dated October 30, 2021 addressed to SEBI from the BRLMs.

aa) In principle listing approvals dated [•] and [•], issued by BSE and NSE, respectively.

bb) SEBI observation letter dated [•].

cc) Tripartite agreement dated August 11, 2017 between our Bank, NSDL and the Registrar to the Offer.

dd) Tripartite agreement dated June 23, 2017, between our Bank, CDSL and the Registrar to the Offer.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Bank or if required by the other parties, without notice to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant laws.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

____
Madan Gopal Sharma
Part-Time Chairman and Independent Director

Place: Phagwara
Date: October 30, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

____
Sarvjit Singh Samra
Managing Director and Chief Executive Officer

Place: Jalandhar
Date: October 30, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

____
Srinath Srinivasan
Non-Executive Director

Place: Mumbai
Date: October 30, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

____

Mahesh Parasuraman
Non-Executive Director

Place: Bangalore
Date: October 30, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

____
Rahul Priyadarshi
Non-Executive Director

Place: Chandigarh
Date: October 30, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

____

Dinesh Gupta
Non-Executive Director

Place: Jalandhar
Date: October 30, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

____
Navin Kumar Maini
Independent Director

Place: New Delhi
Date: October 30, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

____
Gurpreet Singh Chug
Independent Director

Place: Jalandhar
Date: October 30, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

____
Harmesh Khanna
Independent Director

Place: Gurugram
Date: October 30, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

____
Rakesh Soni
Independent Director

Place: Ludhiana
Date: October 30, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

____

Gurdeep Singh
Independent Director

Place: Jalandhar
Date: October 30, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

____
Sham Singh Bains
Independent Director

Place: Jalandhar
Date: October 30, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines/regulations/rules issued by the Government of India or the guidelines/regulations issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR BANK

____
Munish Jain
Chief Operating Officer and Chief Financial Officer

Place: Jalandhar
Date: October 30, 2021

DECLARATION BY OMAN INDIA JOINT INVESTMENT FUND II

Oman India Joint Investment Fund II hereby confirms that all statements, disclosures and undertakings made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as one of the Investor Selling Shareholders and its portion of the Offered Shares, are true and correct. Oman India Joint Investment Fund II assumes no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings, made by, or relating to the Bank or any other Selling Shareholder or any person(s) in this Draft Red Herring Prospectus.

____

Signed for and on behalf of **Oman India Joint Investment Fund II**

Name: Mr. Srinath S
Designation: CEO – Oman India Joint Investment Fund Management Company Private Limited
Date: Mumbai
Place: October 30, 2021

DECLARATION BY PI VENTURES LLP

PI Ventures LLP hereby confirms that all statements, disclosures and undertakings made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as one of the Investor Selling Shareholders and its portion of the Offered Shares, are true and correct. PI Ventures LLP assumes no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings, made by, or relating to the Bank or any other Selling Shareholder or any person(s) in this Draft Red Herring Prospectus.

____

Signed for and on behalf of **PI Ventures LLP**

Name: Narayanan Venkitraman
Designation: Authorized Signatory
Date: October 30, 2021
Place: Mumbai

DECLARATION BY AMICUS CAPITAL PRIVATE EQUITY I LLP

Amicus Capital Private Equity I LLP hereby confirms that all statements, disclosures and undertakings made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as one of the Investor Selling Shareholders and its portion of the Offered Shares, are true and correct. Amicus Capital Private Equity I LLP assumes no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings, made by, or relating to the Bank or any other Selling Shareholder or any person(s) in this Draft Red Herring Prospectus.

____

Signed for and on behalf of **Amicus Capital Private Equity I LLP**

Name: Mahesh Parasuraman
Designation: Designated Partner
Date: October 30, 2021
Place: Bangalore

DECLARATION BY AMICUS CAPITAL PARTNERS INDIA FUND I

Amicus Capital Partners India Fund I hereby confirms that all statements, disclosures and undertakings made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as one of the Investor Selling Shareholders and its portion of the Offered Shares, are true and correct. Amicus Capital Partners India Fund I assumes no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings, made by, or relating to the Bank or any other Selling Shareholder or any person(s) in this Draft Red Herring Prospectus.

____

Signed for and on behalf of **Amicus Capital Partners India Fund I**

Name: Mahesh Parasuraman
Designation: Authorized Signatory
Date: October 30, 2021
Place: Bangalore

DECLARATION BY THE OTHER SELLING SHAREHOLDERS

Each Other Selling Shareholder hereby confirms that all statements, disclosures and undertakings made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as an Other Selling Shareholder and its portion of the Offered Shares, are true and correct. Each Other Selling Shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Bank or any other Selling Shareholder or any person(s) in this Draft Red Herring Prospectus.

For and on behalf of Gurdev Singh Samra (jointly with Balbir Kaur Samra), Rashpal Singh (jointly with Surinder Kaur), Tarlochan Singh Hyare, Avtar Singh Samra (jointly with Rashpal Singh Samra), Manjoo Sardana, Gaurav Goel, Jasvinder Kaur, Darshna Devi, Rekha Jindal, Richa Mahajan, Gurnam Singh (jointly with Bahadur Singh and Amrik Singh), Ramesh Kaur, Parminder Singh, Joginder Singh Dhillon, Vijay Kumar Bhandari (jointly with Sneh Bhandari), Kuldeep Krishan Sardana (jointly with Suman Sardana), Jagjit Singh Shergill, Gurdip Singh Shergill, Nilam Singh Shergill, Anureet Pattar, and Rajinder Kumar Sehgal (jointly with Neelam Sehgal and Akhil Sehgal)

____

Signed for and on behalf of the Other Selling Shareholders

Name: Amit Sharma
Designation: Company Secretary and Compliance Officer
Date: October 30, 2021
Place: Jalandhar